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DOES THE LABOR MOVEMENT HAVE A FUTURE?

MICHAEL D. YATES

GLOBALIZATION AND EPOCHAL SHIFTS: AN EXCHANGE

A. SIVANANDAN AND ELLEN MEIKSINS WOOD

EFFICIENCY AND WELFARE UNDER CAPITALISM

ANDREAS JØRGENSEN

VOL. 48

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NOTES FROM THE EDITORS

Most people probably think that economics is about a country's economic system and how it could be improved. But this is certainly not how the committee of Swedish economists who dispense the so-called Nobel prizes in economics—approximately a million dollars, sometimes divided among two or more recipients—see the matter. We say “so-called” because Alfred Nobel, the Swedish inventor of dynamite and multimillionaire, did not include economics among the subjects he chose for awards bearing his name. The present Nobel prize in economics dates from after the Second World War and is funded by the Swedish National Bank which, like all such institutions, is a hotbed of neo-liberal theory. Calling it a Nobel prize was an obvious attempt to appropriate for the new creation some of the prestige attached to the much older prizes established by the founder's will and first awarded in 1901.

(Continued on inside back cover)

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DOES THE U.S. LABOR MOVEMENT HAVE A FUTURE?

by MICHAEL D. YATES

In 1935 the American Federation of Labor held its annual convention in Atlantic City. It was a tumultuous meeting. Workers throughout the nation's mass production industries were in a state of revolt against the devastation wrought by the Great Depression. Within the AFL there was a sharp split between the craft unionists like Bill Hutcheson, who found the organization of unskilled industrial workers repugnant, and the radicals like John L. Lewis, who understood that only massive industrial unionization would save the labor movement from extinction. During acrimonious debate, Lewis threw his famous punch into Hutcheson's face, and the split soon became a secession, marked by the birth of the CIO. The rest, as they say, is history.

In 1995 the AFL-CIO met in New York City. Tension and excitement were palpable. For the first time in more than 100 years, there was a contest for the highest offices. The pathetic Lane Kirkland had been forced to resign and his heir apparent, Tom Donohue, himself a national officer, could not control the large and powerful unions that were pushing for change. The Service Employees, the Mine Workers, the Teamsters, and AFSCME, among others, organized an insurgent movement, the "New Voice," to topple the old guard. John

Michael D. Yates, is professor of economics at the University of Pittsburgh at Johnstown, he is the author of *Longer Hours, Fewer Jobs Employment and Unemployment in the United States* (Monthly Review Press, 1994).

Sweeney, a noted organizer with the SEIU, headed the new group, along with Rich Trumka of the UMW and Linda Chavez-Thompson of AFSCME. By the time of the 1995 convention the "New Voice" slate had enough votes to defeat the Donohue forces. At the convention excitement rippled through the crowded halls, which were filled with the orange banners of "New Voice."

After the votes were cast and the tumult died down, Sweeney, Trumka, and Chavez-Thompson promised nothing less than the building of a new social movement and proposed a wide variety of initiatives to do so. To date, the new leadership has begun a "Union Summer" organizing campaign, recruiting and training hundreds of young people as organizers and political activists; it has organized several conferences bringing together trade unionists and intellectuals to discuss matters such as organizing, labor law, and racism; it has begun the revitalization and coordination of the actions of Central Labor Councils; and it has committed millions of dollars to organizing efforts and progressive politics. Of some importance, it did not oppose the formation of a new labor party this June in Cleveland, a party whose base includes some of the unions that supported "New Voice."

Is it possible to imagine that the new leadership can transform the AFL-CIO into a labor movement which will be the core of a radical social movement? Will history repeat itself? In what follows, I attempt to examine both the formidable obstacles and the windows of opportunity facing those who want to rebuild the labor movement and ultimately transform our society.

II

Both the Great Depression and the long-term boom which followed the Second World War were unique episodes in the history of U.S. capitalism. The capital of the mass production industries which spawned the CIO was relatively new, which precluded plants closing or moving in the face of militant unionism. What is more, the massive reserve army of the unemployed did not present an insurmountable barrier to unionization. The depth of the depression had made

workers willing to take actions that they might normally have been unwilling to take, such as physically confronting the police and occupying the factories. Public sentiment had shifted sharply against the rich and powerful. In addition, the unemployed, themselves, had begun to organize, militantly and under radical leadership, and there were occasions when those who were out of work supported the organization of those still employed. The leftward shift in attitudes and actions made it more difficult for the state and employers to brutalize workers into submission as they had so often in the past.

The long expansion after the war was marked by limited competition to U.S. capital, which meant that profit rates were very high. The newly revitalized labor movement could, therefore, win continuous improvements in working class living standards without unduly jeopardizing job security. Cold War military spending helped to prop up aggregate demand and prevent the recurrence of another depression. Of course, capital continued to expand internationally and technological change continued both to replace labor and to de-skill it, but the negative effects of these things were masked by the strength of the boom.

Today, circumstances have changed dramatically. The economic stagnation of the past 25 years has generated a ferocious corporate attack upon labor, and the result has been labor's complete rout. Labor's defeat was accompanied by intense competition from European and Japanese capital, numerous plant closings, and considerable capital flight. The resulting unemployment was compounded by the electronic revolution, which not only continued the de-skilling of labor but also allowed for the elimination of labor in both the goods- and the services-producing industries. Clerical work in insurance companies located in the United States, for example, can now be done by women working at home in rural Ireland. In a recent article in the *New York Review of Books*, Simon Head describes computer technology which has increased productivity in IBM's financial subsidiary by 10,000 percent. The much-enlarged reserve army of labor created by these developments has, in turn, allowed firms to make increasing amounts

of employment contingent: involuntary part-time, temporary, leased, home-worked, or independently contracted.

Because of their work arrangements these workers are extremely difficult to organize. Slack labor markets have also allowed employers to implement so-called “lean” production techniques which have resulted in greatly enhanced managerial control and speedup inside of our workplaces. All of this has greatly magnified the insecurity which is the normal lot of workers in capitalist economies. Insecurity, in turn, has made millions of underemployed workers willing to scab and take whatever work they can get.

The politics of 1995 stands in sharp contrast to that of 1935. Then there was a vibrant left-wing politics which helped to move mainstream politics as far to the left as it has ever been. Progressive politics provided sustenance for the working class. It is not possible to give a plausible explanation for the labor laws enacted, the diminution of police repression, and the liberal shift in federal court decisions without reference to the radically changed political climate. And while the times themselves helped to generate this climate, there were important left-wing organizations already in existence when the Depression began. The Socialist Party and the IWW were still alive, helping along with the Communists to give memory and direction to the Unemployed Councils and the new unions.

In 1995 we find a completely different political climate. The politics of the United States today is monolithic. Both political parties have embraced a neoliberal ideal: the most important thing is to serve the needs of capital. It is assumed that the movement of capital across the globe in search of profits is part of the natural order, ordained by the great market god and interfered with at our peril. The Republicans make no bones about this, and will support any policy, no matter how odious, if it benefits business. But the Democrats act the same way. Thus both parties aggressively support NAFTA, GATT, and all of the other “free trade” agreements, the misery of Mexican workers and peasants and the loss of U.S. jobs notwithstanding. Both parties together dismantled the welfare system.

Labor is now seen by both parties as a special interest group, antiquated in its thinking. Secretary of Labor Robert Reich, Clinton's most liberal minister, has suggested that unions may no longer have any role to play in the modern "team-oriented" workplace. The AFL-CIO went all-out for Clinton this year. Yet a more anti-labor president is hard to imagine. In 1992 when Clinton was not yet the Democrat's nominee, an AFL-CIO official in Clinton's home state of Arkansas said that Clinton "was a guy who would put his arm around you while he pissed down your leg." The fact that Clinton is supported by organized labor speaks volumes about the hostility of the political system to organized labor, something which does not bode well for any rebirth of the labor movement.

III

It would be incorrect to believe that the future of the labor movement hinged simply upon political economy. Unfortunately labor's difficulties run much deeper. To use Gramsci's famous phrase, capitalism is a "hegemonic system." It infiltrates all aspects of our lives, including the most personal, with the logic of exchange. If there had been a vibrant alternative culture throughout the post-Second World War period, it would have been difficult to keep that culture alive. The fact that there was no such culture gave capitalism the field to itself. The results have been inimical to the growth of the labor movement.

Suppose that we consider a typical working class neighborhood in 1935. Workers lived in close proximity to one another, and most of them worked close by. They got their news from newspapers and perhaps radio, and there were a good many newspapers, some aimed directly at them. Few of them had cars, and all of them worked too hard for too little pay (or were unemployed) to have been obsessed with consumption. The Depression had struck them ferociously, obliterating many of the subtle economic differences which previously had marked them. Of course, they were sharply divided by race and by sex, but even these seemingly insurmountable differences showed signs of weakening in the

crucible of depression suffering. In such circumstances it made sense to speak of a working class "outlook" if not yet a working class "consciousness."

In my own hometown, fifteen years after the end of the Great Depression, it was still the case that most people thought of themselves as working people, and they knew that their employers were not the same as they. When people left work, they went to their bars and clubs and talked among themselves. Everybody was pretty much in the same boat, and those who did not share a working class outlook were looked upon with suspicion. Nothing could be worse than being thought of as a "company man." No wonder then that the CIO electrified entire communities and organized at a dizzying pace. In my mother's town, a small and poor mining village, people were ready for the UMW. Here was an organization which galvanized their deepest feelings and no amount of propaganda could defeat it.

Turn the clock ahead to 1995. There is a glass factory near Meadville, Pennsylvania, and some of the employees there want a union. The plant is located in an isolated area, and the company has taken pains to hire people from a widespread area. When the shift ends, workers scatter in their vans and trucks to their rural and suburban homes. There is no sense of community. The typical worker does not consider himself or herself to be working class. In fact, the company has begun a team concept program, and quite a few workers are pleased to be designated as "associates." The new distinctions which the employer promotes among the workers do not face the nearly unanimous disdain which they would have encountered 60 or even 30 years before. The younger workers especially do not think of the union as I would have when I was their age. They are interested in themselves and in consumption and little else. They do not have any clear idea of why things are the way they are or how a union might improve their lives. The union which tried to organize them did all of the right things, but despite its best efforts, it could not convince these young workers to vote union.

The suburbanization of the white working class after the Second World War and the increased working class

consumption which accompanied it, both of which were encouraged by capital and the state and ironically made possible by the successes of the labor movement, have created lifestyles and modes of thinking which preclude critical thought and radical action. Capitalism commodifies everything from the media to religion; life is literally organized around the marketplace. The social relationships which comprise our economic system are thoroughly masked, and all that matters is our relationship with the things we buy. No one encourages us to look beyond the market to grasp the relationships of unequal power which ultimately underlie it. The market is the whole of life; all that we can do is conform to its dictates.

The market's thorough infiltration of everyday life has left most people without a moral compass. As David Moberg, citing an opinion analyst, put it in a recent *Nation* article, "Most workers simply don't have anything approaching an ideological perspective, a basic framework, maybe even some crude Keynesianism. It's not just that they're uninformed, but they have no theory of the world to organize the information they get." This ideological vacuum has two effects, both bad for the labor movement. On the one hand, people tend to develop a pervasive cynicism. Everyone is corrupt. Everyone is in it for the money. Nothing can be trusted and nothing can be done. Like every organization, unions are immediately suspect, just another special interest group and probably corrupt. Needless to say, employers play upon this cynicism for all it's worth. Yet human beings have a need for meaning. And so, on the other hand, workers gravitate toward groups which claim to understand why it is that consumption leaves us feeling so empty. It is no accident that religious fundamentalism is raising its ugly head throughout the world or that alienated people join militias. Many workers will even be attracted to charlatans like Ross Perot. They will think—here is a man so rich that he must be in the know. If he says things that we sometimes think, then maybe he can be trusted to pull us out of the swamp. While fundamentalists, militia members, and followers of Perot may be or become good union members, they will never be led to class consciousness through such groups or persons. What is worse is that ignorance combined

with traumatic social change is a breeding ground for sexism, racism, and homophobia. These pathologies are best challenged when people have some understanding about the society in which they live and when there are powerful egalitarian movements to do the challenging. The broadest of such movements is a labor movement.

In every modern society there are people who think for a living. Given capitalism's hegemonic tendencies, they do not typically think whatever they please, especially if they want to live well. Capitalism's intellectuals are a varied lot, but the one thing they have in common is a dread and hatred of working class consciousness. Their job, so to speak, is to stamp it out, to cast it in such a negative light that no one will think that it is a good thing. Today, nearly all intellectuals have accepted capitalism as inevitable and as basically good. Their ideas are trumpeted loudly in the media, and they are rewarded with positions of power and influence. Those few who are critical of capitalism are marginalized, beyond the pale of public discussion. Brain-dead pundits dominate the media, while a great intellectual like Noam Chomsky is *persona non grata*.

Even among intellectuals not overtly hostile to workers, class consciousness is rarely discussed. For example, labor-management cooperation is the dominant paradigm in our schools of labor and industrial relations. This is an especially dangerous model because many of its proponents are close to organized labor, some segments of which have embraced it. These intellectuals sometimes give lip service to more radical ideas, but they are fundamentally hostile to them. My friend Kate Bronfenbrenner had a recent experience which illustrates this. Kate and her colleague Tom Juravich have done pioneering research which shows that class-based organizing (what might be called solidarity unionism) actually works best. That is, those unions which mobilize rank-and-file workers around a program of aggressive solidarity and conflict with their employers have the best chances of winning union elections, bargaining good contracts, and resisting decertification. Kate presented their research at the 1995 meeting of the Industrial Relations Research Association. It was met with unremitting antagonism. At her panel, the lone discussant

devoted all of his time to denouncing Kate's research, and she was not permitted to defend herself. All of this at the meeting of the country's dominant liberal labor relations organization. Of course, industrial relations programs have close corporate and government ties, and since the liberal corporate and government entities which provide them with money now espouse cooperation, professors in the schools follow suit.

Surprisingly, leftist intellectuals do not always give much attention to the working class. They are often content to engage in academic theorizing among themselves without seeing the necessity of engaging actual workers. Or they reject the grand narrative of Marx in favor of a theoretical deconstruction which claims that class is no more important than a host of other "identities." They ignore or downplay the fact that capitalism is a system of class exploitation and that class-based organization is a necessary condition for its supersession. To put it bluntly, rich women, bourgeois African Americans, and gay businessmen will not liberate us. But the working class might.

With the concentrated power of capital, in all of its guises, working against the formation of a labor movement and with intellectuals saying that a labor movement is a bad thing or not necessary or not of much importance, it is small wonder that the average person is not class conscious. It may be a miracle that millions of working people are union members and more liberal than we have any right to expect them to be.

IV

If in 1935 a labor movement was born, why did it not succeed in making itself a permanent thorn in capital's side? Why has it so meekly succumbed to capital's depredations? These are questions long debated by scholars and we cannot do justice to these debates here, but let me suggest a critical reason for labor's demise (and as we shall see, a reason which labor will have to address if it wants to have a future). In the late 1930s the CIO was poised to become a mass movement, complete with a labor political party. But its conservative heritage and effective co-optation by the Democratic Party

prevented this from happening. If this had occurred, the labor movement would have begun to develop a radical ideology, one rooted in egalitarianism and class struggle. Sadly this golden opportunity passed and allowed the conservatives within the movement, people with no discernible beliefs other than economic gain for their members and power for themselves, to seize the day. The results were catastrophic, the considerable increase in the real incomes of union members after the Second World War notwithstanding. Within 20 years of the founding of the CIO, its new leaders had expelled its most left-wing and democratic unions, cooperated in the witch hunts which ruined the lives of labor's best and most progressive organizers, joined forces with the State Department and the CIA to undermine progressive labor movements worldwide, halted its plan (Operation Dixie) to organize black workers in the South (where the left-wing unions had notable successes), and merged with the racist and reactionary AFL.

It is natural that, as unions became larger and collective bargaining more complicated, union bureaucracies developed. No organization can thrive for long without bureaucrats. But bereft of principles, bureaucrats exhibit a strong tendency to protect their interests. Many unions became known more for their autocracy than for their insurgency, and corruption ran rampant in the Teamsters, the ILA, the hotel and restaurant unions, and many construction unions. The USW, UMW, IBEW, and the UAW showed little interest in rank-and-file control and intra-union democracy. The union bureaucrats spent small sums on organizing and on educating their memberships. As a result, the labor movement found it difficult to claim that it spoke for all workers. How could it make such a claim when unions were so distant from their own members? The neglect of education helped to create the lack of knowledge and understanding of our citizenry described above. Once in a labor education class with a group of automobile workers, a man came up to me at the break and said, "You're opening a lot of eyes." I thought to myself that the union should have opened his eyes long ago.

As long as the economy grew rapidly, organized labor secured better conditions for union members, and member-

ship grew simply because the economy did. However, when the long expansion ended in the early 1970s, the chickens came home to roost. Labor could not withstand capital's onslaught, and it could not muster allies in government or in the larger society. The greatest unions lost millions of members and gave up some of the most significant gains which they had won for their members. By the time Reagan came to power, labor's bankruptcy and impotence were apparent. It has been a field day for the rich and their loyal collaborators in the government, in the media, and in the universities and think tanks.

V

One of Marx's greatest insights was the dialectical notion that, in the very process of attempting to achieve social hegemony, capital inevitably creates resistance to such domination. Therefore, a labor movement is always in the process of becoming. Of course, some times are more propitious than others, so the question is: are there forces at work now which are strong enough to combat capital's power? Despite the barriers examined above, I believe that there are.

First, new technology and organizational restructuring have created new vulnerabilities for capital. Outsourcing and just-in-time inventory make capital susceptible to relatively minor disruptions. A strike or slowdown by workers at a critical subcontractor can shut down or seriously cripple a large corporation, as a recent strike by workers at a General Motors parts plant demonstrated. Similar actions can stop the flow of inventory coming into a plant, and it will not be possible to utilize in-plant stocks because there aren't any. Electronic technology is susceptible to sabotage as machinists have shown when they have reprogrammed numerically-controlled machines to slow down machine speed. Workers can also use technology to their own advantage. For example, the internet makes it possible to rapidly organize and coordinate worldwide consumer boycotts. Or unions can use computers to collect information about companies and the connections between them for use in bargaining, boycotts, and corporate campaigns. Such information can then be sent to unions and

other potential allies worldwide. A stunning example of sophisticated research, made possible by electronic technology (combined, it must be added, with the expenditure of thousands of hours of labor and millions of dollars) was the victory by the United Steel Workers over the Ravenswood Aluminum Corporation.

The flexibility of capital is often overstated. Many of the jobs in the burgeoning service sector cannot be exported. The workers in a McDonald's restaurant in Pittsburgh cannot be replaced by workers in another country. Nor is it likely that fast food technology will, in the near future, allow McDonald's to substitute machines for its employees. The same can be said for the millions of custodians, cleaners, security guards, day-care workers, waiters, dishwashers, and sales workers now laboring at substandard wages. In other words, these workers are eminently organizable, although unions will have to utilize innovative techniques to bring them into the union fold. They might, for example, have to abandon jurisdictional rules and support any union in an area which has demonstrated the ability to organize successfully. They might have to form or join forces with community organizations which can serve as a base for organizing a particular category of workers or all of the workers in a community.

While the service sector is growing rapidly and most new workers organized will probably be service workers, there are also good organizing opportunities in the goods-producing industries. U.S. manufacturing is highly productive and often has the lowest unit costs in the world. There are hundreds of thousands of nonunion mine, auto, and steel workers in the United States, and there is no inherent reason why they cannot be organized as they once were. The same is true for hundreds of thousands of nonunion construction workers.

Though it may be true that economic and technological conditions do not preclude the rebirth of the labor movement, there are critical political considerations. As we have seen, the cold war mentality of the AFL-CIO made it impossible for domestic workers to forge links of solidarity with workers in other countries, although such linking would have helped to build stronger labor movements here and abroad.

And what Chomsky calls “brainwashing under freedom” made most workers hostile to any kind of solidarity. However, the end of the Cold War, marked by the collapse of the Soviet Union and its satellites in Eastern Europe, may open space for both international solidarity and the growth of radical elements within the domestic labor movement.

In the past, any criticism of the United States or suggestion of imperialism was filtered through the thick screen of anti-communism. But today it is easier to broach radical subjects. There is no longer an official enemy that was so threatening that capital felt compelled to define itself as the antithesis of evil and, therefore, by definition, good. No longer can it be so easily implied that whatever the ill effects of capitalism upon the working class, these are the necessary sacrifices which we must make to avoid something far worse. Capitalism must now stand naked before the world, and it may be easier to connect low wages, unemployment, environmental degradation, and so forth to its nature.

Already there are hopeful signs of political reawakening. Steel workers, mine workers, electrical workers, and auto workers *have* cooperated and struggled with their counterparts worldwide with little notice of the more radical politics of many of their foreign counterparts. Radicals have not had as much influence in the AFL-CIO since before the ejection of the left-wing unions from the CIO after the Second World War. I have recently given a paper at an AFL-CIO sponsored conference, and many of my radical friends have done likewise. I have also taught a course in Economics in a graduate program for AFL-CIO union administrators and organizers. Other radicals are now finding themselves in positions of real influence in the AFL-CIO and in member unions. The “Union Summer” program used no political litmus test to screen out the radicals. Member unions are cooperating with numerous progressive groups to organize workers, groups such as Black Workers for Justice which are considerably to the left of mainstream labor. Of some significance was the lack of red-baiting toward the just established Labor Party in Cleveland last June. The Labor Party is full of radicals, and in the past it would have faced the uniform wrath of the AFL-CIO.

Of course, I am not suggesting that radicalism is going to blossom any time soon as official labor policy. The American Institute for Free Labor Development (AIFLD) and its sister organizations in Africa and Asia are alive and well, financed by the State Department and as anti-communist as ever. The old Cold Warriors are still powerful in the AFL-CIO, and they have been busy beavers in the former Soviet republics, working as always to make the unions of these nations safe for capitalism. The New Voice leaders have promised a house cleaning in the AFL-CIO's international departments, and they have appointed a new director. But unless they clean house, they will not be able to develop an independent politics, nor will they be able to maintain credibility with organized labor elsewhere. As a start, the new leaders should make the membership aware of the organization's international operations. Not one member in a thousand has the slightest idea of the magnitude of these activities, a fact that speaks tellingly about the lack of democracy in the house of labor. Second, the AFL-CIO can at least maintain a hands-off policy toward member unions which forge cooperative links with foreign unions and organizations which the old leadership would never have tolerated. If the AFL-CIO had linked itself to the labor movements of the nations of Central America, for example, perhaps thousands of lives could have been saved.

There is a deep-seated anger burning in the hearts of millions of people in this nation, fueled by the widespread unemployment, poverty, and gross inequality which mark the current period. This anger has spawned widespread cynicism about the fairness of both the economic and political systems. Most of us now believe that these systems are rigged for the benefit of the rich. The trouble is, however, that cynicism and anger do not lead automatically to radical consciousness. Instead they might lead to religious fundamentalism, right-wing libertarianism, militias, and racism. As despicable as all of these ideologies and action are, what motivates them is a desire to find a refuge in a hostile world. It is not inconceivable that the labor movement can once again become such a refuge. However, for this to happen, there must be a labor *movement*, one prepared to challenge capital on the level of

emotions. Such a movement must embrace all elements of the working class, including the unemployed and those outside of the wage labor force. And it must be concerned with the totality of life, from the family to the schools to the workplace to the culture. It must be unabashedly egalitarian and democratic. It must be prepared to give people a way to think, that is, it must have and agitate for an ideology, and this ideology must be anti-capitalist and willing to support not just militant union actions but also new ways of organizing production.

Is the AFL-CIO up to this formidable challenge? There are, as I have argued above, many hopeful signs. To survive, labor must radically change itself, and it has taken some important steps. The young organizers it is now recruiting and training have already done some exciting things, and many of them have been transformed by their confrontations with power. The radicals being placed in positions of authority within the labor movement will encourage young radicals and rank-and-file militants, and they will invite independent radicals to participate in their activities. As they succeed in winning organizing drives and building successful coalitions with other radical organizations, a powerful momentum will build within the AFL-CIO for still greater radicalism. This momentum, if it reaches a great enough level, will be difficult to reverse. Should labor have the courage to address issues beyond wages and benefits such as the nature of work, employment as a right, the meaninglessness of consumption, and, perhaps most importantly, the scourge of racism, look out! The new century might not see the resurrection of fascism after all.

VI

Needless to say, there are a lot of big “ifs” in the last paragraphs. In my view, the key “if” concerns organized labor itself. The economic, political, and cultural constraints facing labor are not going to abate; if anything, they will become stronger. Therefore, what labor does will be decisive. I believe that there are four crucial issues for labor: political independence, union democracy, race, and sex. There are signs that labor is seeking an independent politics, but there is a

tremendous chasm between where the AFL-CIO is now and where it needs to be. "Support the lesser evil" rhetoric still dominates labor's thinking. It will not be possible to alter the economic and cultural landscapes as long as labor is tied to a political party completely dominated by capital.

Social transformations come from the bottom up; they cannot be ordered into being by those at the top, no matter how well-intentioned the leaders may be. The AFL-CIO is implementing an impressive array of programs, but absent union democracy these will not bear the desired fruit. Examples of union autocracy abound; whenever possible the AFL-CIO must oppose them and give support to insurgent movements. A good start might be made by inviting back into the labor movement the United Electrical Workers (UE). This union of electrical workers has maintained a level of democratic militance which should be the standard in the AFL-CIO. At a more general level, the AFL-CIO must see itself as a part of a broader international movement of working people and must act democratically within this movement. And, of course, rank-and-file groups and progressive organizations must continue to organize independently and in confrontation with AFL-CIO officialdom if need be.

The labor force of the United States is increasingly female and nonwhite. This threatens white men, who are all too willing to believe that women and African Americans are the cause of their problems. It is possible that women and especially people of color will become the new scapegoats of our political economy, replacing the now impotent Communists. The dismantling of the national welfare system and the open attacks on immigrants, supported by labor's standard bearer, President Clinton, are indications that this is happening right now. If the AFL-CIO is to become a progressive movement, it must do all in its power to denounce and combat racism and sexism. Its record to date is not very good, although the New Voice leaders have made some important gestures, including making the Executive Board more diverse than it has ever been. But this is just a baby step. What does the leadership have to say about full employment, sexual harassment (Why no statement of outrage when women at a

Mitsubishi auto plant are harassed *en masse*? Why not a condemnation of the union leaders who turned a blind eye to this discrimination?), prisons, welfare, and a host of other matters of special concern to women and people of color? It is true as President Sweeney says, that "America needs a raise," but it needs a lot more. How will it be possible to organize the new labor force unless labor commits itself fully to racial and sexual egalitarianism?

VII

Since *Monthly Review* is read mainly by radicals, perhaps it is fitting to end this essay by asking: What can radicals do to help to rebuild the labor movement? This is an important question. Unions and workers are now more receptive to radical ideas than at any time in recent memory. Radicals have an opportunity to provide the labor movement with ideas and active support, and we have an obligation to do so. Here are three suggestions: First, at the level of theory, radicals must return class to the center of their analysis of society. The drive to accumulate capital is still the foundation of capitalism, and capital is still accumulated by the exploitation of labor. And the accumulation of capital remains the source of our most pressing problems. How we are to create a better world without confronting capital with the power of the working class escapes me. Radicals should tirelessly point out the class nature of our society. And they should also criticize all reformist programs which do not insist upon maximum worker control of their workplaces and communities. Second, radicals should do empirical research which can be used by workers, and they should try to make this research understandable to working people. Finally, radicals should become active within the labor movement. This can be done by supporting local rank-and-file groups, getting involved with organizations such as Black Workers for Justice, and doing research for unions and appearing as experts in legislative hearings. My personal hobby horse is labor education. I have been teaching workers for many years. They are eager to learn, and they could use what radical teachers can teach

them. But, in any event, now is the time to act; we might not get another chance.

NOTES

1. I have used many sources for this article. I will be happy to send complete references to interested readers. Here, though, I must mention the essays of Jeremy Brecher, Tim Costello, Jane Slaughter and others in *Labor Research Review*, No. 24, as well as work by Kate Bronfenbrenner, Tom Juravich, Fernando Gapasin, and Doug Henwood. Harry Magdoff made many helpful comments on an earlier draft. I also recommend highly the article by Greg Albo in the December 1996 issue of *Monthly Review*.

(Continued from inside back cover)

little doubt about his intention. He had been President of the American Economic Association in 1993. What most concerned him was made crystal clear in the eloquent conclusion of that year's presidential address. He might not have used the same words in 1996, but the message itself would assuredly have been the same. Here it is:

This, then is the challenge I lay before the economics community. There is no reason inherent in the real resources available to us why we cannot move rapidly within the next two or three years to a state of genuinely full employment, and then continue indefinitely at that level, with the concomitant reduction in the ills of poverty, homelessness, sickness, and crime, together with a reduction in the resistance to reductions in military expenditure to more rational levels, to liberalization of trade and immigration policy, and to conservation and environmental protection programs. Dealing with whatever debt emerges in the process will be a relatively trivial problem.

Indeed, there is a free lunch out there, in the form of underutilized resources of labor and capital. The various forms of belt-tightening urged on us in the name of fiscal rectitude, mostly by those who are in little danger, themselves, of sharing in the hardship, are not only cruel but unnecessary. We simply cannot continue on as we have been doing without falling apart as a community and losing what is left of our status of world leadership. If you don't think that something like this can be made to work, then it is up to us to get together to find something that will. Otherwise, if we continue to tie our hands with financial shibboleths and models that tacitly assume a fixed total of resource utilization, we are no better than the feckless castaway whose contribution to the solution of the problem of dealing with cases of canned goods was "let's just assume we have a can-opener."

We are most pleased to let you know that we have asked Ellen Meiksins Wood to join us as the third editor, as of Volume 48, Number 10, March 1997, and she has accepted.

CAPITALISM, GLOBALIZATION, AND EPOCHAL SHIFTS: AN EXCHANGE

by A. SIVANANDAN

Ellen Meiksins Wood wants to know what is epochal about the shift in capitalism wrought by the new technologies (*Monthly Review* July/August 1996). Capitalism, she maintains, is still capitalism and is still bent on “extracting more value from labor”—only now, “the logic of the old mass production economy” can be “diversified and extended,” reaching “whole new sectors” and affecting “types of workers more or less untouched before.”

What is it but epochal:

—when the whole of the industrial working class has been disaggregated, de-skilled and re-composed into highly-skilled “core” workers at one end of the production process, and unskilled or semi-skilled “peripheral” workers at the other?

—when factories, which once housed thousands of workers under one roof, are no longer fixed in time or place, but are stretched across the world in global assembly lines—and capitalism, instead of importing labor, can take up its plant and walk to any part of the world where labor is cheap and captive and plentiful;

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—when, as a result, working-class organizations have become fragmented or been destroyed altogether, and the working-class movement rendered impotent, and

—thereby removing that tension between Capital and Labor which once produced not only social reforms such as the factory acts, the education acts and the public health acts but also the so-called bourgeois freedoms of speech, of assembly, and of universal suffrage—while engendering, at the same time, the values and mores of solidarity and community and fellowship;

—when governments owe their power not to the voters, but to business conglomerates, media moguls, owners of the means of communication, who massage the votes, manipulate the voters—and governments go where multinationals take them, to institute policies at home or set up regimes abroad that are hospitable to global capital. (Ms. Wood, of course, has doubts about “the growth of multi-national corporations” and the “weakness of the nation state”);

—when, as a consequence, the bourgeoisie of the Third World is no longer a national bourgeoisie working in the interests of its people but an international bourgeoisie working in the interests of international capital. (Ms. Wood accepts that capitalism, for the first time, has become “a truly global phenomenon,” though she disdains “the tired old formula, ‘globalization’”);

—when the “knowledge workers” who run the Information Society, who are in the engine room of power, have become collaborators in power.

I could go on, but the point I want to make—at the risk of appearing technologically determinist—is that the qualitative changes brought about at the level of the forces of production have brought about changes in the mode of production which, in turn, have led to changes in social relations. If “the handmill gives you society with the feudal lord and the steam-mill gives you society with the industrial capitalist,” the microchip gives you society with the global capitalist. To insist, as Ms. Wood does, that the emphasis should be on “the logic of capitalism, not some particular technology or labor process but the logic of specific social

property relations” is to overlook the way that such technology or labor process have altered social property relations. (Whatever happened to Braverman?).

Doubtless capitalism is capitalism is capitalism, but the failure to distinguish between its different avatars freezes us in modes and forms of struggle which are effete and ineffectual, and blinds us to the revolutionary possibilities opened up by information technology. By the same token, it fails to see the dangers posed by the “culture of postmodernism” which is organic to information capitalism, and not some sort of psychological mutation spawned in the aftermath of the post-war boom.

If I take passionate issue with Ms. Wood, it is because I am concerned that, in recoiling from the post-Marxist heresies all around us, we ourselves do not overbalance into an abstract, academic Marxism which does not speak to the everyday struggles of people in their fight for survival against a marauding capitalism.

A Reply to A. Sivanandan

by ELLEN MEIKSINS WOOD

“Globalization” or “Globaloney”?

I’m sorry that my piece on postmodernity has aroused such anger in A. Sivanandan. Since I have great respect for him and, as far as I know, we’re generally on the same side, I must have communicated very badly to have generated such passionate disagreement. Still, I think that miscommunication is only part of the problem. I think he has missed not only the point of my argument but, more importantly, the point of our present historical moment.

Sivanandan's main objection seems to be that I treat capitalism as a single, never-changing system. In fact, my argument was rather that capitalism is an *ever*-changing system.

This means that, while we track the endless processes of change in this uniquely dynamic system, we have to be very clear about what defines capitalism as a specific social form throughout all its transformations. We have to be very clear not only about what changes but about what stays the same: the unique systemic logic of capitalism, the specific "laws of motion" or "logic of process" common to capitalism in all its forms—the very logic that generates those constant changes.

I argued that histories of capitalism like those contained in some theories of "postmodernity" focus on the discontinuities within capitalism while playing down the discontinuities between capitalism and other social forms. So instead of emphasizing the distinctive specificity of capitalism's laws of motion and the historic transformations that brought it about, they tend to take capitalism for granted, as if it were the natural outcome of universal, transhistorical laws—typically the laws of technological development. This contributes, I think, to some fairly significant misunderstandings of what is happening to capitalism today.

Sivanandan is a case in point. Some of the changes he catalogues don't sound to me like specific features of the "postmodern" condition. They seem more like general and long-term processes that have been part of capitalist development from the beginning, the constant technological changes driven by the pressures of competition and profit-maximization, the constant recomposition of capital and labor and the class relations between them. The question, then, is whether there has been a qualitative leap in the "postmodern" period, a seismic shift in the nature of capital and labor which represents a major epochal transition.

In my discussion of postmodernity, I left open the possibility that some kind of epochal shift has indeed taken place, but I questioned the account of that shift associated with the idea of "postmodernity." Sivanandan gives us an admirably lucid summary of the kind of thing I was objecting to: "the

microchip,” he tells us, “gives you society with the global capitalist.” The new technologies have inevitably given rise to a new kind of capitalist system, with “global assembly lines,” an “international bourgeoisie” and freely mobile capital which can “walk to any part of the world where labour is cheap and captive and plentiful,” bypassing the nation-state and leaving in its wake an essentially powerless working class (if, indeed, such a working class can still be said to exist at all).

So the epochal shift Sivanandan has in mind can be summed up under the rubric of “globalization.” In my original article, I mentioned only in passing my objections to what I called that “tired” idea of globalization (Sivanandan contemptuously dismisses my doubts about it) and my preference for describing the current historical moment as, maybe, the “universalization” of capitalism. I’ve elaborated on some of those objections in a longer version of the postmodernity piece which is being published elsewhere,¹ but I’ll try very briefly to outline a few of these and some other objections in the short space I have here.

Let me say this right up front: I think the concept of “globalization” as it is commonly understood is the heaviest ideological albatross around the neck of the left today. In the conventional wisdom about globalization, the left now occupies the same ground as the neo-liberal right, in a historically unprecedented kind of ideological alliance. This conventional wisdom (or what one or two comrades have called “globaloney”²) serves as an excuse for the most complete defeatism and for the abandonment of any kind of anti-capitalist project. In the current conception of globalization, left joins right in accepting that “There Is No Alternative”—not just no alternative to capitalism but no alternative to a more or less (the right goes for more, the left somewhat less) ruthlessly “flexible” capitalism.³

Now if that conception of globalization really did more or less accurately describe what’s happening in the world today, and if it really did correctly identify the limits now imposed on political action, then my ideological objections wouldn’t count for very much. I and other socialists would just have to put our ideological preferences aside, swallow hard,

and accept the unhappy truth that the socialist project is dead, or at best that it cannot in any foreseeable future amount to more than a timid tinkering at the edges of capitalism. But there are many reasons to doubt that “globalization,” at least in the conventional meaning of the term, does represent an accurate account of the present historical moment. There are good reasons to treat it as an ideological mystification. And there are very good reasons to doubt that the socialist project has to be circumscribed in the specific ways suggested by “globalization.” In fact, some of the assumptions generally associated with that idea are so misleading that the use of the word itself may be getting in the way of understanding what is really going on.

There are two separate questions here. The first is whether the developments that conventionally go under the name of globalization—which Sivanandan eloquently enumerates—are nearly as advanced and widespread as he and others think they are and whether they have the consequences people think they have. The second is whether those developments that have actually occurred are best described by the term “globalization,” or whether the assumptions underlying the concept of globalization are misleading and disguise more than they reveal about the changes we are living through today.

On the first question, I can make only a couple of points here. There have been other articles, in *Monthly Review* and elsewhere, that make these points much better than I can do.⁴ My remarks on this question will rely very heavily on the work of Harry Magdoff, who will, I hope, soon commit his latest thoughts on these matters to print in *Monthly Review*.

First, a few simple facts. No one can doubt that, while capitalism has always tended toward internationalization, production has become increasingly internationalized in the past two decades. But let’s put things into perspective: foreign branches of multinational corporations account for about 15 percent of the world’s industrial output, while 85 percent is produced by domestic corporations in single geographical locales.⁵ While finance capital moves freely across national boundaries by electronic means, industrial capital isn’t nearly

as mobile; and such mobility as it does have doesn't unambiguously conform to Sivanandan's picture. For instance, in 1993 78.9 percent of U.S. foreign direct manufacturing investment was in other advanced capitalist countries: Canada, Europe, Australia, and Japan. Investment in pursuit of cheap, unskilled, and unregulated third world labor certainly takes place, and I have no intention of underestimating the importance of this tendency—which, of course, follows the logic of capitalist exploitation as it has operated since the beginning. There may be evidence that this trend has accelerated more recently, but there are also signs that it can recede as well as advance, in accordance with prevailing economic conditions. Nor does even this type of investment neatly fit the "globalization" model. For example, the conventional model seems to assume that investment in cheaper and less regulated labor markets directly replaces production at home. But the majority of the goods produced in such labor markets as a result of U.S. direct manufacturing investment are for local consumption, not sold in the United States. And U.S. manufacturing production occurs overwhelmingly in the United States, on a much larger scale than several decades ago: domestic manufacturing production is five times greater than it was, say, in 1950.

None of this makes capitalism less vicious (did Sivanandan really mean to suggest that, before globalization, the "national bourgeoisie" used to work "in the interests of its people"?). Nor does it deny that new technologies, like earlier technological changes, can facilitate new methods of exploitation. And it certainly doesn't argue against the current crisis and stagnation of capitalism, the destructive effects of deregulation, downsizing, mass unemployment, increasing poverty, or the attacks on social provision. It does mean, though, that we may have to look elsewhere for an explanation of the long-term structural crisis of capitalism than in simplistic formulas about "globalization." What people are calling "globalization" may be more an effect than a primary cause.

Having mentioned these facts and figures, I'm not going to pretend that I know where things are going. My point here is just this: Personally, I find these simple facts remarkable, if

only because they are so contrary to what the hype of globalization leads us to expect. So I mention them mainly to illustrate how easily the conventions about globalization can disguise some very basic facts about the world in which we live.

Class and State in a "Globalized" Capitalism

More politically important, though, are the assumptions about state and class power that are typically linked with propositions about the internationalization of production and the mobility of capital. Basically, these assumptions come down to this: the more "global" capital is, the less the state can do; and, while the working class is ever more fragmented, power has passed to a transnational capitalist class united in a variety of supranational organizations. This new global order, the argument usually goes, has effectively ended the socialist project as anything more than a better and maybe more humane management of "flexible" capitalism.

Let me take the point about international capital first.

It is true that there are now more giant corporations with a global reach than ever before, and there are now more international organizations like the IMF or the World Bank serving the interests of capital. But to acknowledge this is very far from saying that there exists a unified international capitalist class or any organization that serves as a kind of capitalist international. After all, if anything has been "globalized," if there is any truly international economic force, it is the market itself. What does this mean if not the internationalization of *competition*? Like all capitalist processes, this one is contradictory in its effects. "Globalization" in this respect may mean new forms of capitalist integration and cooperation across national boundaries, but it also means that a growing number of national and regional capitalists are compelled to enter into active competition with each other. It even means that, as national economies become more open to capital from outside, domestic capitalists are drawn into new forms of competition with each other, over the benefits to be derived from inward investment.

So the "global" economy if anything may mean less not more capitalist unity. Although it's far too early to make any

confident pronouncements about the direction and consequences of “globalization,” it seems reasonable to say that, far from integrating capital, it’s at least as likely to produce *disintegrative* effects. At any rate, the internationalization of the market is hardly an unambiguous advantage to capital. The increasing exposure of capital to the international forces of the market is at least as much a point of vulnerability as a source of strength.

What conclusions should the socialist left draw from this? Probably just the opposite of the conclusions to which the conventional idea of “globalization” is pushing us. This idea invites us to one or both of the following political conclusions: that, in the context of globalization, only the most particular and fragmented struggles are possible (e.g. the “politics of identity”), not really *against* capitalism but within its interstices; and/or that the only effective anti-capitalist struggles would have to be organized internationally. Either of these is tantamount to saying that no effective anti-capitalist struggle is possible at all. I think, in fact, that these propositions are intended as concessions of defeat.

Of course an internationalist perspective remains vital to any socialist movement, and no socialist project is conceivable to me that is not expressed in, and reinforced by, working class solidarity across national frontiers. It would also be foolish and counter-productive for the socialist left not to do its utmost to capture the terrain now occupied by transnational capitalist organizations like the European Union. But the main arena of organization and struggle—in fact, the main channel into international struggles—will still have to be local and national. At the same time, if local and national struggles are to be at all effective in confronting capital, the various fragments of opposition will have to be integrated into a unified politics of class.

Capitalism, in its constant recomposition of the working class, has always divided and redivided that class in various ways. In that sense, the fragmentation to which Sivanandan refers is not a product of “globalization” but a continuation and expansion of processes that have always been inherent in capitalism. By the same token, class politics has always

required an effort to create unity out of many differences. So if the processes of class fragmentation have today been intensified and expanded, then the effort to create unity out of difference has to be intensified and expanded too. This means, among other things, that class organizations have to be more attuned than ever before to “special oppressions”—especially racial and sexual oppressions—and more involved in the struggles against them, both because these struggles are important in themselves and because they are necessary to the construction of class solidarity. So to me the current fragmentation of the working class doesn’t mean that we live in an entirely new era in which the “politics of identity” has to replace the politics of class. On the contrary, it means that, in the face of a “totalizing” capitalist system, the main organizational energies of the left must now more than ever be devoted to constructing a unified class politics on the local and national level.

If the concept of “globalization” leads us to believe otherwise, that is reason enough to get rid of it. It’s even arguable that the current “global” economy makes local and national class organization and struggle more rather than less important and potentially more rather than less effective. For one thing, the vulnerability of national capitals to the international forces of the market gives anti-capitalist struggles potentially new targets.

This brings us to the question of the state. The gospel according to Globaloney is that there is an inverse relation between the internationalization of the economy and the power of the state: the more globalization, the smaller the role of the nation-state. But this proposition fails to take into account the simple fact that “globalization” *presupposes* the state, and that, while the state may have lost some of its traditional functions, it has gained new ones. To put it simply, the nation-state is the main conduit through which national (or indeed multinational) capital is inserted into the global market.

If anything, the new global order is more than ever a world of nation-states; and if these states are permeable to the movements of capital, that permeability has as its

corollary, indeed as its condition, the existence of national boundaries and state jurisdictions.⁶

The contrast between today's "global" economy and earlier forms of colonial imperialism should suffice to illustrate the point: the old-style colonies were what they were precisely because they presented no effective geo-political barrier to imperial power. The movement of capital across colonial boundaries was, of course, not just a matter of paper transfers or electronic transmissions but the bodily movement of coercive force. Geo-political borders, in other words, were not only notionally but physically permeable. Today, transnational capital may be more effective than was the old-style military imperialism in penetrating every corner of the world, but it tends to accomplish this through the medium of local capital and national states. It may ultimately rely on a new kind of military imperialism—in fact, the military power of a single nation-state, the last remaining "super-power"—to sustain the sovereignty of the market; but it depends on many local political jurisdictions—on, say, the Indian or Chinese state—to maintain the conditions of economic stability and labor discipline which are the conditions of profitable investment.⁷ And every new opportunity for transnational cooperation is matched by opportunities for new kinds of inter-imperialist rivalry—in which the nation-state is still the principal agent.

If the state plays such a vital role in sustaining capital in the global market, it would be perverse for the left to abandon the state as a terrain of struggle, while placing its hopes at one extreme in a completely fragmented "identity" politics and/or, at the other extreme, in an unrealistic fantasy of internationalism unmediated by local and national organization and struggle. If the state is the channel through which capital moves in the "globalized" economy, then it is equally the means by which an anti-capitalist force could sever capital's lifeline.

The "postmodern" left seems blind to this reality, in large part because it has uncritically accepted the concept of globalization and all its underlying assumptions. In particular, the conventional idea of globalization treats it as an inevitable,

irreversible, natural process, which, independently of any human will or politics, is inexorably taking over the world. This is, if I may say so, nowhere more obvious than in Sivanandan's technological determinism, according to which "globalization" is the inevitable consequence of technological development: the new electronic technologies make globalization not only possible but necessary.⁸

But "globalization" is *not* some transhistorical natural process—certainly not if it means things like the withdrawal of the state from regulatory and social welfare functions in the interests of capital mobility and "competitiveness" in the world market. These are the products of policy choices, not the working out of natural laws, not the inevitable destination of history—however much these policies have spread from neo-liberalism across the whole political spectrum.

"Globalization" in this sense is, to be sure, not simply a contingent and arbitrary choice. It is certainly a response to certain structural changes. It is at least in part a response to what I've called the universalization of capitalism. In the days of old-style colonial imperialism, the advanced capitalist rivals struggled over the division and redivision of non-capitalist territories. Today, when virtually the whole world economy is capitalist and when even some former colonies are capitalist competitors, the rules have changed, and so has imperialism. "Globalization" represents policy choices adopted to meet the needs of capital in a global system where all significant economic actors are operating according to the logic of capitalism, just as old-style imperialism represented policy choices in the interests of capital in a largely non-capitalist world.

But if globalization is capital's political response to structural conditions, it follows that there are alternative, *socialist* ways of responding to the same conditions. If old forms of political action like yesterday's Keynesian regulation are even less adequate today than they were in a less "global" economy, this surely doesn't mean that the scope for political action of *any* kind has narrowed. It simply means that political action can't just take the form of intervening in the capitalist economy but must increasingly take the form of detaching material life from the logic of capitalism. That is the kind of

thing the left should be thinking about, instead of allowing itself to be paralyzed by the bogey-man of globalization.

One final word in response to Sivanandan. He berates me for failing “to see the dangers posed by the ‘culture of postmodernism’ to socialist values and beliefs and the threat of a new intellectual ‘class’ which is organic to information capitalism, and not some sort of psychological mutation spawned in the aftermath of the post-war boom.” Maybe I was too flippant in describing the “condition of postmodernity” as a psychological condition afflicting a certain sector of the intelligentsia in the capitalist world. That condition is no more and no less “psychological” than any other form of “social being” expressed in social consciousness—in other words, it is indeed an ideological response to specific material conditions, as I’ve often said before. But I don’t find it very helpful or informative to call that culture an expression of “information capitalism” (a formula I find problematic anyway). Its origins go further back to the generational break between those whose intellectual and political formation was rooted in the Depression and in the Second World War, and those who came to intellectual and political maturity in the postwar “golden age” of capitalism, people whose most formative experience was not depression, world war, or the anti-fascist struggle but capitalist expansion and university life.⁹

I do see—very vividly—(and have more than once written about) the dangers posed by the “culture of postmodernism” to socialist beliefs and values. Not the least of those dangers is that intelligent socialists like A. Sivanandan, who have no sympathy for “postmodernism,” have nonetheless allowed themselves to be taken in by some of the mythologies that typically go with it.

NOTES

1. Forthcoming in *Review of International Political Economy*.
2. I owe this term to Doug Henwood, who attributes it to Bob Fitch.

3. For an important discussion of how the myths of globalization are operating across a broad political spectrum and for some alternative proposals, see Greg Albo, "The World Economy, Market Imperatives and Alternatives," *Monthly Review* Vol. 48, No. 7.
4. See, for example, Doug Henwood *Monthly Review* Vol. 48, No. 4; Harry Magdoff "Globalization To What End?" A pamphlet from *Monthly Review*, 1992; L. Panitch, "Globalisation and the State," in R. Miliband and L. Panitch, eds., *Socialist Register 1994: Between Globalism and Nationalism* (London: Merlin, 1994).
5. See Robert E. Lipsey, Magnus Blomstrom, and Eric Ronstetter, "Internationalized Production in World Output," National Bureau of Economic Research, Inc., Working Paper 5385, December 1995.
6. This discussion is based on my article cited in note 1.
7. Aijaz Ahmad has made the latter point in an interview published in *Monthly Review*, Vol. 48, No. 5. For a discussion of the "structural dialectic" of today's imperialism, which includes both the global expansion of capital and the "intensification of the nation-state," see also his "The Politics of Literary Postcoloniality," in *Race and Class*, 36.3, 1995, especially pp. 10-12.
8. Sivanandan invokes Harry Braverman in support of his appeal to Marx's famous (and much misunderstood) proposition that "the handmill gives you society with the feudal lord and the steam-mill gives you society with the industrial capitalist," just as, according to Sivanandan, the microchip gives you society with the global capitalist. But Braverman practically begins his great book, *Labor and Monopoly Capital*, with a long discussion of this passage from Marx, the whole point of which is to distance himself from precisely the simplistic, technological-determinist interpretation Sivanandan gives it here.
9. I've discussed this point at greater length in "A Chronology of the New Left, Or: Who's Old-Fashioned Now?" *Socialist Register* 1995.

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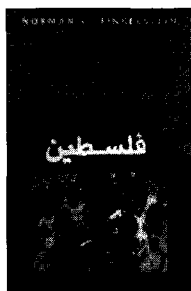
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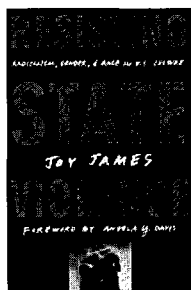
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EFFICIENCY AND WELFARE UNDER CAPITALISM: DENMARK VS. THE UNITED STATES; A SHORT COMPARISON

by ANDREAS JØRGENSEN

This article was sent to us at Monthly Review by Andreas Jørgensen weeks before his sudden demise. Our friend Jacques Hersh of Aalborg University provided this farewell tribute to this respected scholar and activist:

The death of Andreas Jørgensen, in September 1996, is a great loss for the Danish Left. From his youth, Andreas was involved in politics. Educated in Paris during the 1950s where he acquired a great deal of his political background, Andreas throughout his life remained a dedicated socialist and anti-imperialist. From his early commitment as a member of the Danish Communist Party (until developments in the Soviet Union made him leave the Party) he retained his original engagement with the cause of socialism. In the 1960s, he founded two leftist influential magazines: Dialog and Politisk Revy. He also played an important role in the establishment of first the Socialist People's Party and then the Left Socialist Party.

His academic origins are as an historian. After a number of years as curator of the royal archives, he worked for the establishment of the important East-West Institute at the research University of South Jutland which he led until very recently.

His many travels in Eastern Europe and the Soviet Union made him one of the most knowledgeable persons on Soviet affairs. He also had great insight into Danish society and international political economy in general. Deeply concerned with the breakup of the Soviet-type societies, he considered the so-called "liberalization" to be an ideological offensive preparing the process of a general de-industrialization of these countries.

On the personal level, he was a walking encyclopedia, an excellent speaker and writer, and a reliable friend for an entire generation of Danish socialists.

We now all know how since the 1970s the so-called compromise between capital and labor of the post-war years has been canceled. For that reason our Danish Social Democratic Welfare State has come under constant pressure from capital and from our bourgeois political parties, which are of course assisted ideologically by the neoliberal, monetarist, discourse pouring out of the Anglo-Saxon world.

Naturally, the main targets of the critics are, as everywhere, the public deficit, the public debt, the purportedly high social costs, unemployment (ten percent of the insured), and consequently taxation, claimed to be the worst in the world. The goals of the critics are focused on the public provision of health care to the elderly, but also on further deregulations and liberalizations, especially in the labor market, with calls for lower minimum wages and correspondingly lower unemployment insurance payments.

The main political problem for these critics is that the majority of Danes consistently appears to want it both ways. Of course a majority will vote for lower taxes, but at the same time another majority does not want to give up our present social arrangements. Therefore a majority initially voted down Danish participation in the Maastricht treaty, correctly and widely perceived as an instrument of capital, much to the surprise of most politicians and the media. This was a setback to the process of constructing the European Union, but in the end membership was accepted by a narrow margin in a second referendum. The price of this acceptance was permitting Denmark not to join the monetary—and monetarist—union (which to date we still reject), even though Denmark with yet smaller Luxembourg are the only countries now able to meet the needlessly strong monetary criteria of Maastricht as to public debt, public deficit, and inflation, in spite of all talk of Danish debt and deficit!

So ahead of us are constant political struggles to preserve the Welfare State. As if our own bourgeois parties were not enough, five Nobel laureates of Chicago just told us and other continental Europeans that in order to remain competitive and fight unemployment we will have to adjust to the U.S. model. Economists from the OECD regularly declare us “ex-

travagant,” and lately Bill Clinton told his colleagues at the G7 summit that the only way to secure employment and to obtain constant economic growth is to imitate the economic policy of the United States, especially as to labor market policy. The opinions of Robert Reich went in the same direction.

Such invocations of U.S. excellence provide the occasion for a comparison between some phenomena of the U.S. model on one hand and on the other the parallel phenomena in Denmark, which together with Norway and Sweden is one of the rare countries where the Social Democrats as the leading political force (while making the adjustments necessary to the needs of capital) have planned and carried through the Welfare State.

To make it short, the eventual U.S. response to the crisis that started in the mid-1970s proved to be a curious mixture of professed monetarism, military Keynesianism, deregulation, trade union bashing, and stagnation/decrease in real earnings for a majority of the population.

Here in Denmark a center-left coalition (in the face of a strong Chicago-inspired anti-tax movement) went in the opposite direction and created during the seventies the last piece of the Welfare State as we know it to this day. Most readers of these lines will be familiar with the U.S. situation, and therefore my point of departure will be Denmark and some elements of the arrangements and results in this country.

In Denmark all sorts of health care are public and free, paid through general taxes. My guess is that on average our health care system, which comprises the whole population including every immigrant, is better than that of the United States. [Danish life expectancy is higher, and infant mortality lower, than that in the United States, eds.]

But the cost of our system is only 6.5 percent of GNP, less than half the relative cost in the United States. In our opinion there must be an enormous waste in the United States due to inefficient private bureaucracy and surplus earnings of doctors, and the surplus profits of insurance companies and health and hospital corporations.

Unemployment, ten percent of the insured work force, is paid for (mainly by the state) for continuous periods of up to seven years if necessary, as sometimes is the terrible case. According to the present exchange rate the yearly payment amounts to U.S.\$ 20-21,000 which after tax typically will be reduced to \$14-15,000. Unemployment payments are taxed because the recipient may need personal deductions. Unemployed persons who for some reason are outside the official figure of ten percent, and who are not insured, will receive social security assistance of about \$13,000, and here taxes are very limited because of the low amount. The first \$5,000 are always tax free.

The lowest rate of old age pension after the age of 67 is \$7,200 a year for each person, but a person who is without other pension schemes or fortune in cash may obtain a further grant of up to \$5,000. She may also get housing assistance. On the other hand the base rate of \$7,200 given to well-to-do citizens will most often be taxed rather heavily. A typical tax rate in such cases will be around 55 percent. If an employee wants to leave the labor market at the age of 60, she can obtain a special pension amounting to 90 percent of her unemployment payments until she or he will reach the age of 67. This arrangement has become very popular. It is defended by the unions, but it is just now under heavy attack from the bourgeois parties in the Social Democratic led coalition government. Regrettably there will certainly be some compromise, but apparently this right will be maintained for workers.

Since 1993, when the Social Democrats for the first time in twelve years formed a government, all people in the work force got the right to one years leave from the labor market in order to get adult education, to take care of small children, or simply to have a sabbatical year. In the last case the payment from the state is 80 percent of the normal unemployment payment. For education and child care the rate is 90 percent. The arrangement has become popular, and it appears now to be clear that it is here to stay as long as unemployment persists.

Old age pensioners may (if needed) get domestic help paid for by their townships. For the elderly this is looked upon as an important arrangement, and usually the service is

provided by public employees. When necessary old age pensioners can be taken into public nursing homes. The public pension will pay for the stay. No one dares to attack the principles of these arrangements, but now there is a strong debate about the question of public service, because the bourgeois parties (and even some Social Democrats) demand that the state should pay private businessmen to perform these services. But pensioners appear to be strongly against these proposals, and despite the heated debate such proposals will probably have no real future.

Students of all sorts, whether at the university or in practical training, receive for a period of up to five years a yearly subsidy of about \$6,000. To add to that they may get some assistance for housing payments. If they need more, they will have to do wage labor or to take loans guaranteed by the state. [Higher education in Denmark requires no payment for tuition.]

The legal minimum wage is \$14 per hour. The average hourly wage of unskilled female workers in 1992 was \$18. The average for unskilled males was a little less than \$20. Now these average wages are somewhat higher. The normal working hours per week, pursuant to the trade union agreement with the employers, are thirty seven.

In Danish social research it is well known that these arrangements have not been sufficient to create something like democracy in the economy and at the workplace. In my opinion, this is impossible under capitalism. But I think that Danish workers certainly do feel themselves more secure and therefore more free than their American colleagues. It is also often documented that this specific variant of the Welfare State has in many ways not been at all able to eliminate the economic, social and cultural consequences of capitalism and class society. And though differences in income are of course not so important as in the United States, Denmark is clearly a capitalist class society with important differences in wealth, social status, and comforts of life. Just now these differences certainly tend to be growing. In education, the Welfare State has not (as some expected) been able to remove the phenomenon of class-determined cultural heritage, and our mass

media, especially TV, are regrettably Americanized. But our arrangements have created the preconditions for an almost 100 percent female participation in the labor market. This is also due to the fact that there are public day care nurseries and kindergartens available for most children. But as seen from the wages for unskilled female workers mentioned above, this category of women workers is behind men by ten to fifteen percent in hourly payment. When this gap has been filled the real fight against patriarchy can start.

Of course the trade unions and the Left are in the present political climate on the defensive in protecting these arrangements, which by the yardstick of capital and to so many mainstream economists appear to be absurd and unproductive. By their account, we have presumably created an environment where the rich are said to lose the instinct of healthy initiative, and where the poor do not need to work and therefore become lazy and dependent. But if we believe this propaganda, when we compare directly with the model of the United States that these types are propagating we are in for a surprise. According to the World Bank (1994) our GNP per capita is now seven to eight percent bigger than U.S. GNP per capita, if we are to believe the exchange rate. Certainly in 1973 no serious Dane would have dreamed of such an outcome, let alone that we would have achieved this in spite of high unemployment and other serious social illnesses reflected in the number of people living on social security assistance. According to our national statistics the reason for this is that our productivity (with all our supposedly damaging social arrangements) has nevertheless grown twice as strongly as productivity in the United States in the period since 1973. This is certainly not a social or economic argument against high taxes and public welfare.

It is also the case that no Dane (and not even an immigrant or asylum seeker) would do any work for a wage as low as the U.S. minimum wage, which is less than the lowest rate for a recipient of Danish social security assistance. The unions would intervene immediately.

Immigrants, who nowadays are few in fortress Europa, work in unionized industry, and all immigrants are treated

according to the above mentioned rules of the social security system. Economists from the OECD recently came to the conclusion that some tens of thousands of Danes act irrationally because they in fact are eager to work at the minimum wage (or slightly above) in spite of the purportedly too-high unemployment payments. According to research most Danes are rather industrious as to job seeking, and so maybe these OECD economists should undertake some elementary studies in sociology and the life and expectations of ordinary people.

With Social Democratic welfare, high taxes, high wages (but small and highly taxed cars), and attempts at bureaucratic redistribution of income, Danes suddenly appear to be macroeconomically more efficient than the Clintonite United States, where everybody always appears to be speaking of efficiency and competition. In fact we do sometimes speak instead of solidarity. And if he would listen we certainly could also tell Robert Reich that education alone will not be sufficient. His is a nice song, but he sings it monotonously in order to escape the question of the lack of elementary security for most Americans and the fact of an indecent tax system that further enriches the wealthy. His advice to us to lower social security payments in order to fight unemployment and obtain competitiveness, from an American liberal, can be seen as untimely.

In fact unemployment is a scourge and an unacceptable human waste; a consequence of capitalism. But when our unions learn that some eleven million people in the United States are working at the U.S. minimum wage, and that one percent of the U.S. work force is in jail, they will fight hard not to be forced to replace our present arrangements with the U.S. low wage strategy. We do not want again to have masses of working poor. In spite of professed liberalism, Reich appears to believe in the primitive assumption that there is an overall positive correlation between social insecurity and efficiency. This vulgarity may be written in some textbooks, but reality is otherwise.

As to overall efficiency, it is also an important fact that those Danes who have a job have a working year which is substantially shorter than the average one in the United

States. Only the Germans work some few hours less than the Danes, and Chancellor Kohl is now of course busily warning that a "leisure society" cannot compete with the United States and England. But we do agree with Marx that production of free time ought to be one of the primary economic and social goals of society - in spite of the impoverished cultural situation created by capitalism and its media. One reason for our shorter working year is the agreed working week of 37 hours, and the fact that employers according to law and agreement with the unions have to pay the normal wage during a yearly holiday of five weeks to each and every employee. In Denmark and other European countries the Left proposes to reduce the working week to 30 hours in order efficiently to fight unemployment. This is declared to be utopian, but the possibility for this to happen should not be overlooked.

This commentator believes that a Social Democratic Welfare State will always be unstable, problematic, and insufficient inside a capitalism which always tends to create unemployment and cannot offer real equality and emancipation. But with the present global offensive of capitalism we will have to defend what we have got, and the defense will prove to be difficult in Denmark even with a rather positive public opinion. I am sure, however, that common people in Scandinavia will remain better off than ordinary people in the United States and England, where the Labour Party has now taken big steps to the right in concession to media warfare and to accommodate to the historical inheritance of Thatcherism.

Comparisons are always dangerous and difficult, and this one has even been rather superficial. Nevertheless I think it is important to show that Social Democracy with unemployment and a lack of real democracy is no substitute for socialism. On the other hand it ought to be evident that Social Democracy is much to be preferred to the more Darwinian, and indeed more destructive and less productive, variant of capitalism rampant in the United States and England. It is the financial markets of those imperial centers which are the driving forces in the process of globalization and deregulation constantly invoked by our Danish capitalists, ideologically closely attached to those market forces. But our limited com-

parison also should once more give us an indication of what they are talking about in Chicago when they refer on the one hand to progress, better times, American excellence, and so forth and so on, and on the other hand to the socially corruptive effects of welfare. They are of course making ideology, and their goal is not really social well being, and maybe not even the health of the macroeconomy. Theirs is a capitalist point of view; their criteria are the rate of profit and the accumulation of capital. The overall efficiency and productivity of the Scandinavian countries are of no interest to their thinking, even if the profit rate in Denmark is more or less the same as in the United States. If not, my pension fund would immediately invest over there. But they pretend to defend the foundations of true liberty, and what then do they think of us? They delight to tell the story of the much welcome crisis in Sweden, but it should be remembered that Sweden because of that sad crisis sank to about the social level of Denmark. The differences are now unimportant.

More questions than answers are given here. But it is not true that welfare is unproductive.

We must quite realistically face the fact that with the Left as weak and pulverized as it is, we are deluding ourselves if we think we can exert any significant influence on American politics today. Nor should we continue to kid ourselves into thinking that we have only to water down our program a bit, accommodate here, and compromise there—and we will be a force again.

Not so. That is the road to our own extinction. For what do we gain if our voice is finally heard again—but the message it proclaims is garbled, or so modified as to be no longer worth hearing?

Let us, instead, do what we *can* do—speak out honestly and clearly for what we stand for. Let us proclaim—and teach—our socialist faith: anywhere and everywhere, to the many or to the few. Let us stop worrying about the *size* of our movement and think more of its *quality*. Let us study, let us work hard, let us carry on the struggle to spread the gospel of socialism so that the younger generation will be equipped to understand the forces that make for the rule of gold, and those that strive for the Golden Rule.

This responsibility is ours—and we can perform it best by calling the shots as we see them—without hedging, or trimming, or flinching.

Let us tell the truth—the whole truth—about the world we live in.

—Leo Huberman

SEXUAL ABUSE AND THE U.S. MILITARY PRESENCE: THE PHILIPPINES AND JAPAN

by DANIEL B. SCHIRMER

I. The Philippines.

Since the collapse of the Soviet Union the Pentagon has been trying to re-assert and consolidate its Cold War position as the dominant military power in the Asia-Pacific region. In the Philippines this effort has met with growing difficulties, due in good part to the organized resurgence of democratic and nationalist aspirations hitherto repressed by the Marcos dictatorship and the straight jacket of Cold War anti-Soviet ideology.

These difficulties began in 1991 when members of the Philippine Senate, responding to a widespread anti-bases movement, defeated the Pentagon's effort to renew the U.S. bases in their country, pillars of U.S. military supremacy in the region during the Cold War. This was the first Philippine victory over the Pentagon's attempt to preserve in the post-Cold War period its intrusive military presence in the Philippines.

After this defeat the Pentagon has tried to re-establish itself in the Philippines by means of closely controlled executive agreements between the two governments, with public discussion and ratification of these agreements by a

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Philippine-U.S. Mutual Defense Board serving as a cover and source of legitimization.

The first of these agreements, passed by the Mutual Defense Board in 1992, gave the U.S. military access to Philippine ports, airfields, and military installations, and allowed for U.S. military exercises on Philippine soil.

The second, an Acquisition and Cross-Servicing Agreement (ACSA), threatened deeper encroachments on Philippine sovereignty, providing for such servicing as repair and supply of U.S. warships, rest and recreation for U.S. troops, and the conversion of the Philippine military into a virtual subsidiary of the U.S. military. There was Philippine opposition to the access agreement, but that aroused by ACSA was broader and more intense, bringing with it leaders of the Senate and the House.

ACSA was first scheduled to be ratified by the Mutual Defense Board in December 1994. But after the meeting took place an informant who had attended told the press it had been decided to postpone ratification of ACSA until the controversy over it subsided. Although time and again it has been projected for ratification by the Board, this has not yet taken place. In fact after a June 1996 Board meeting, the Pentagon's effort to have it ratified appeared to be in a state of collapse, due mainly, it would seem, to the unremitting popular opposition.

As has been the case since ACSA was first projected in 1994, a partial implementation of its terms and a militant opposition to it were both to be seen in the period before the June 1996 Mutual Defense Board meeting. In these weeks the opposition focused especially on the U.S. military policy of rest and recreation, terms commonly regarded in the Philippines as a euphemism for the use of the country's women as prostitutes by U.S. military personnel. In his discussions with President Clinton in Manila in November 1994, President Ramos had, in effect, identified rest and recreation with the "servicing aspect" of the Acquisition and Cross-Servicing Agreement.¹

From March 18 to April 30, 1996 four U.S. naval vessels, with a total complement of 726 personnel, made visits to Subic

Bay for rest and recreation, each lasting five or six days.² Then on April 30 some 1,500 U.S. soldiers (aboard four warships) arrived to participate in a 12 day joint military exercise with their Philippine counterparts.³

Some U.S. sailors on a port visit to Manila were interviewed by a U.S. Mennonite missionary, Cheri Peele, working at the Buklod Center in Olongapo for prostitute support and rehabilitation. She wrote the *Philippine Daily Inquirer* of April 22 about it:

Last Wednesday, I went to Malate and found it teeming with young American sailors. My friends and I stopped to chat with a few of them on the steps of McDonald's.

What ship were they on?

The "Pelelieu."

Will they be going up to Olongapo or Angeles?

They grinned sheepishly. Probably.

Could we recommend a place in Manila which had, ah, you know, dancing, drinking, the usual?

Again, nervous laughter.

Ms. Peele then wrote what she thought of those responsible for these visits of rest and recreation: "The attitude of the U.S. Navy which assumes that women's bodies are goods to be purchased as easily as a Big Mac, is appalling. As appalling as President Ramos' acquiescence to requests for such visits."

On April 25 the Coalition Against Trafficking in women-Asia, a Philippine women's non-governmental organization, held a press conference sharply protesting the visits of the four U.S. naval vessels that took place in March-April. The Filipina spokesperson for the group, Cecilia Hofmann, cited a letter in her possession that indicated the part played by the U.S. Embassy and Philippine authorities in arranging such visits. Addressed to Richard Gordon, chair of the Subic Bay Metropolitan Authority, from Captain John Ellington, naval attache at the U.S. Embassy, the letter asked clearance for the four U.S. naval vessels scheduled to visit Subic in March and April. In his request for clearance, Ellington told Gordon the purpose of the ships' visits was "routine port calls to allow the crew members to enjoy rest and relaxation."⁴

The military exercises beginning April 30 brought more protest. On May 3 Bishop Antonino Nepomuceno, O.M.I., Co-Chairperson of the Nuclear Free Philippines Coalition, spoke out: "Our country, rather our government perhaps is the only country that acts as a pimp ('bugaw') for the prostitution of our women and children." Many thought, continued the Bishop, such prostitution had ended with the People Power revolution and the defeat of the bases, but "[w]e have received reports that Subic, Olongapo, and even Clark are being converted again into sexspots."⁵

Representatives of six women's organizations met with a Philippine official, Dennis Lepatan, Executive Director, Office of American Affairs, on May 6, to urge the Philippine government to refuse the U.S. military permission for visits of rest and recreation, as other countries have done. In the course of the discussion, Cecilia Hofmann of the Coalition Against Trafficking in Women-Asia and Aida Santos representing WEDPRO, a support group for women who have been prostituted by the U.S. military, reported on the sex industry in Angeles City, adjoining the former Clark Air Base and a short ride from Subic and Manila:

- Bar activity now is as great or greater than during the time of Clark Air Base.

- When a demand is created, a supply will follow of the most vulnerable Philippine women and children.

- Twelve and 13 year-olds are once again working in the bars of Angeles.

- The U.S. State Department coordinates with the City and bar owners of Angeles. The Navy provides, or at least coordinates transportation to and from Angeles.

Drawing conclusions from these conditions, the two women described rest and recreation visits as "well planned sex tours for U.S. Navy men."⁶

It was against a background of such protest, coming especially from the Philippine women's movement, that a meeting of the Mutual Defense Board took place early in June. After the meeting, the contradictions of U.S. hegemonic policy in the Philippines, which may have been simmering under the surface of the Mutual Defense Board's long vacillation

about ACSA ratification, burst into the open, for all to see. Admiral Joseph Prueher, commander-in-chief of the U.S. Pacific Command, told a news briefing that he and Philippine military officials had discussed the Acquisition and Cross-Servicing Agreement at the Board meeting. "It is being pursued," Prueher said, "with the embassy here and being pursued at the political level."⁷

The Embassy countered the Admiral with a harsh public rebuttal. It declared the Admiral had "misspoke." No such arrangement was being pursued and "there are no talks or discussion going on between our embassy and the Philippine government on that subject." The Admiral, chief of one of the world's most powerful military aggregations, humbly retracted his words, and the Embassy gave his retraction to the press.⁸

On June 20, Adrian Cristobal, a columnist for the *Philippine Inquirer*, gave an explanation of what had happened: "Undoubtedly the Admiral had embarrassed the U.S. Embassy, as the statement immediately alerted nationalists, the Left, and constitutionalists in Congress, media, and the public. The U.S. Embassy's reaction was clearly intended to forestall a public debate on ACSA."

The Embassy was speaking with the support of the State Department. (When the women's group had met with the Philippine official Dennis Lepatan on May 6 he had told them that Assistant Secretary of State Winston Lord had said the U.S. was no longer interested in ACSA so negotiations were called off.) How to explain the Admiral's differences? The military leader, possibly still thinking in Cold War patterns, wanted ACSA ratified and its provisions implemented for the convenience and aggrandizement of the U.S. Navy, but without giving attention to the new political forces operating in the post-Marcos, post-Cold War Philippines. The Embassy and Mr. Lord, on the other hand, well aware of the current popular volatility on the issues of Philippine sovereignty and democratic rights, evidently believed it better to avoid provoking a dangerous outbreak of opposition, in this way holding on to whatever had been gained so far, while allaying opposition with a denial of any further interest in ACSA.

Some three months after the Embassy-Prueher blow-up, another striking development took place: the abrupt political about-face of President Fidel Ramos. On October 4th he issued a public statement denying "alleged moves by the Philippine and U.S. governments to forge a new agreement which would allow the U.S. military access to their former bases in the country."⁹ The Philippine President had been the chief Philippine champion of the Pentagon's effort to get a new foothold in the Philippines with its access and ACSA policies and had been careful to show his support for every phase in this development. Now, suddenly, he took pains to distance himself from this process by denying its very existence.

Of course in so doing he echoed the line of the U.S. Embassy. But there was probably more to this than simple accommodation to U.S. policy. President Ramos is believed to have political ambitions for the future. His own reading of the climate of Philippine public opinion may have led him to deny ACSA policy for his own political health and future well-being.

By terms of the post-Marcos constitution Ramos cannot run again for the presidency in the elections of 1998. Continuing efforts to amend the constitution so as to permit him to continue to lead the country have so far fallen before popular opposition. A compliant executive like Ramos is important to the Pentagon in terms of future military use of the Philippines by means of agreements like access and ACSA. Public opinion polls have indicated that Vice-President Joseph Estrada, who opposed the bases, is the front-runner among the potential candidates for president in 1998. The "Intelligence" column of the *Far Eastern Economic Review* for September 5, 1996, reports that Defense Secretary Renato de Villa might run in the President's stead and with his backing. De Villa is a close associate of Ramos and a consistent supporter of U.S. access policy.

Whatever the political outcome of 1998, the future of Pentagon policy in the post-Cold War Philippines seems problematic, given the increasing popular activity to defend and enlarge national sovereignty and democratic rights.

At the moment, ACSA's principal proponents, the U.S. military, the U.S. Embassy, and President Ramos, have loudly

denied their support for it, and the centerpiece of the Pentagon's post-Cold War Philippine policy lies in a public state of disarray. This can be understood as symptomatic of the frustrations of U.S. hegemonic policy as it comes up against the political realities of the Philippines in the post-Cold War world.

Renunciation of ratification can be seen as an attempt to take ACSA out of public view, to "classify" it, so to speak, for obvious reasons. Absence of ratification by the Mutual Defense Board deprives ACSA of a certain legitimacy and exposes Ramos' personal responsibility for the Pentagon's encroachments. But it does not per se prevent ACSA's implementation as an executive agreement.

Instead of becalming the opposition, the defeat of the effort to secure Mutual Defense Board ratification of ACSA could give impetus to efforts to prevent the implementation of both ACSA and access: the visits of rest and recreation, the military exercises, the port visits of nuclear capable warships, ship repair and supply, any attempts to turn the Philippine military into a servant of the U.S. military.

The Manila columnist, Adrian Cristobal, identified the opponents of ACSA as the "nationalists, the Left, and the Constitutionals in Congress, media, and public." But he left out one important category: the women of the Philippines who are rising up to protect themselves and their children from sexual exploitation by U.S. military personnel.

The diverse opponents of ACSA, led by the Nuclear Free Philippines Coalition, have won another victory over the Pentagon's post-Cold War attempt to re-establish its Philippine military presence, albeit in attenuated form. After the defeat of the bases they fought the policy of access and ACSA. With the formal collapse of ACSA, they will doubtless continue their work to rid their country of the Pentagon's post-Cold War intrusions upon its sovereignty.

II. Japan.

During the Cold War U.S. bases in Japan like those in the Philippines served as springboards for the projection of U.S. military power in Korea, Vietnam, and the Mideast. The

forced withdrawal of U.S. bases from the Philippines was a great blow to the post-Cold War infrastructure of U.S. military hegemony in the Asia-Pacific region. Now an even greater blow of this sort is in the making: the removal of U.S. bases from Japan.

The Pentagon says it must keep 100 thousand U.S. military personnel in the Asia-Pacific region to maintain its post-Cold War effectiveness there. Thirty-seven thousand U.S. troops are tied down by their mission in South Korea. Some 60 thousand U.S. military personnel are in Japan (47 thousand on bases, 13 thousand on U.S. warships homeported there). Okinawa is host to 75 percent of the U.S. bases in Japan and over half the U.S. military personnel. Thus U.S. troops and bases in Okinawa and mainland Japan constitute the main U.S. interventionist force of wide scope in the Asia-Pacific (a region the Pentagon considers crucial because of intense U.S. corporate trade and investment there). What is emerging therefore is a threat to the cornerstone of U. S. military supremacy in the Asia-Pacific region today.

The source of this new threat is the same that was earlier so effective in the Philippines: the growth of public opposition. During the Cold War both the Philippines and Japan had effective popular movements against the interventionist U.S. bases on their soil. But today, post-Cold War, the anti-bases movement of the Philippines, having helped secure the withdrawal of the U.S. military presence, is active to prevent its return. The anti-bases movement of Japan, on the other hand, while greatly strengthened in this period, has just begun to see the removal of the U.S. bases as a practical possibility in the next several years. How is it that the anti-bases movement of the Philippines overtook that of Japan in this way?

In the last years of the Cold War the Marcos military dictatorship ruled the Philippines and guaranteed the U.S. its bases. The U.S. bases very quickly became identified with U.S. support for the dictatorship. As a result the Philippine struggle against the Marcos dictatorship gave impetus to the movement against the bases, and the overthrow of Marcos opened the way to their removal. All this while Japan was dominated politically by the conservative Liberal Democratic Party, ruling

within the framework of formal democracy. It was the special political conditions of the Philippines that offer an explanation of the accelerated development of the country's anti-bases movement and the public understanding that went with it.

The collapse of the paralyzing ideology of "the Soviet threat" removed a check to the movement for national sovereignty in Japan as well as in the Philippines. But what is more tangible in both countries is the strength the post-Cold War women's movement brought to the effort. Today Japanese women play an important role in the movement against the U.S. military presence, as they do in the Philippines. After all, the catalyst of its present surge was a brutal violation of women's rights: the abduction and rape of a 12 year old Okinawan schoolgirl by three U.S. servicemen. But the resistance of Okinawan women to sexual oppression by U.S. military personnel is not something new. It has gone on since the U.S. bases were established 50 years ago. During the 1980s the women's movement and the anti-base landowners kept the issue of the bases alive in the minds of Okinawans.¹⁰

It was the reaction of the women's movement, in its post-Cold War vigor, to the schoolgirl rape that gave new impetus to the anti-bases movement in Okinawa. Suzuyo Takazato was leader of a 71 woman delegation from Okinawa to the 1995 Beijing Women's Conference. She and other members of the delegation, on coming home and learning of the rape, set about the organization of a broad-based coalition of women's groups, Okinawa Women against Military Violence, that now adds strength to the anti-bases movement.¹¹

In November 1995 Admiral Richard Macke, chief of the U.S. Pacific Fleet, while talking to the press, gave expression to the contempt for the rights and dignity of women that runs strong in the U.S. military, and leads to sex tours in the Philippines, and rape in Okinawa. Referring to the Okinawa schoolgirl rape, and after a pro forma condemnation, it was the rental of the abduction car that stuck in his mind: "I think it was absolutely stupid. I've said several times, for the price they paid to rent the car, they could have had a girl." When his remark became known, it caused public indignation in Japan. The U.S. Defense Department forced Admiral Macke

to resign, saying "he would no longer be effective" in that country.¹² First Admiral Macke in Japan, then Admiral Prueher in the Philippines, the highest Pentagon officials have had difficulty operating in the post-Cold War atmosphere of the Asia-Pacific. The growing resistance of the women's movement in the Philippines and Japan to the sexist attitudes evident in the ranks of the U.S. military from top to bottom, from the high command to the enlisted personnel, was a direct cause of Admiral Macke's dismissal, and was a contributing factor in the formal repudiation of ACSA and Admiral Prueher's loss of face.

A summit meeting between President Clinton and the then Prime Minister Murayama had been scheduled for November, but President Clinton claimed complex discussions over the domestic budget kept him home, so the meeting was postponed until April 1996.

Before the April meeting there were indications that reinforcements were coming to the Okinawa struggle from mainland Japan. By early February, 1,041 local governing assemblies, about one third of the total, called for base closure. On March 31, 90 thousand people demonstrated in Tokyo against the bases and in support of Okinawan resistance. Adding a complementary weight early in April, over 3 thousand residents in the Tokyo area near the U.S. Yokota air base filed a lawsuit against the Japanese and U.S. governments demanding a ban on night and early morning aircraft flights and compensation for aircraft noise.¹³

Okinawans and other Japanese brought the anti-bases cause to the United States in this period. A delegation of Okinawan women visited New York, Washington, D.C., San Francisco, and Honolulu, holding discussions with church leaders, political figures, supporters of the women's movement and peace activists. One thousand Japanese women published anti-bases appeals in full-page ads in the *New York Times* in January and April. Members of the Okinawan prefectural assembly visited Washington to meet with members of Congress and their staffs.

Anticipating the April summit, Governor Ota of Okinawa, in the last days of January, proposed that the newly

chosen Prime Minister Ryutaro Hashimoto, in his meeting with Clinton, call for the removal of all U.S. bases from Japan by the year 2015.

As it turned out on April 16, Clinton brought to Tokyo the Pentagon program for Japan in the post-Cold War period: global enlargement of the role of the Japanese military as the U.S. military's assistant, an Acquisition and Cross-Servicing Agreement (ACSA), and 47 thousand U.S. troops to remain in Japan. Prime Minister Hashimoto agreed to all this without question. In June the Japanese Diet gave approval to ACSA. Communist members of the minority in opposition denounced ACSA as violating the Japanese anti-war Constitution, since it would allow the Japanese military to collaborate with the U.S. military in a U.S. war of intervention.¹⁴

At the meeting with Prime Minister Hashimoto, President Clinton offered to reduce the land occupied by the the Pentagon in Okinawa from 20 percent to 16 percent and to shift some bases and troops in Okinawa to other locations in Okinawa and mainland Japan. These offers were clearly intended as concessions to calm the opposition to the bases. In another example of the inability of U.S. high officials to gauge the public mood in the region, Clinton's offer to shift base locations had an effect contrary to what was intended. Wherever new locations for bases and troops were indicated in Okinawa or mainland Japan, vociferous resistance rushed forward, spreading the opposition like wildfire.

In June the Okinawans gave other answers to the summit meeting. In a prefectural election they voted for candidates that brought an anti-bases majority to the prefectural assembly. This body called for a September prefectural referendum on the question of reduction and realignment of the U.S. bases.

The referendum of September 8 resulted in a victory for the opponents of the bases: 10 to 1 for base reduction. While the turnout was lower than bases opponents had hoped, still 53 percent of the 910 thousand registered voters favored base reduction.¹⁵

Almost immediately, however, the movement against the Okinawan bases suffered a setback. Governor Ota announced

that he would set in motion procedures which would give legality to the Pentagon occupation of base land without the agreement of the owner. This would have become an issue in March 1997 when leases must be renewed. Previously Ota had said he would support the anti-base landowners by refusing to agree to legalization. He changed his stand after a meeting with Prime Minister Hashimoto who offered a large amount of economic aid to Okinawa if Governor Ota would go along with legalization. Hashimoto's move was well calculated: Okinawa is a poor prefecture and needs such aid.

Despite this setback the Pentagon's difficulties in Japan are not removed. Secretary of Defense Perry admitted as much when he made an announcement that started several big construction companies "licking their chops," according to the *Wall Street Journal* of September 24. Mr. Perry told a press conference, held jointly with Japanese defense officials, that the Pentagon was considering the construction of a huge floating offshore airport and supply base costing an estimated 2 billion dollars and big enough for thousands of troops, tanks, helicopters, landing craft, trucks, tons of supplies, and planes too large for an aircraft carrier. Mr. Perry said this was being considered "as a possible solution to the thorny question of where to relocate some U.S. forces no longer welcome in Okinawa."¹⁶

After a December 2nd meeting in Tokyo of Secretary Perry and Japan's Defense Minister Fumio Kyuma, the United States and Japan announced plans to construct a floating steel platform, nearly one mile in length, off the shore of Okinawa, in order, it was said, to replace the much-opposed Marine helicopter base at the Okinawan town of Futenma.

But Mr. Perry's account in the *Wall Street Journal* seemed to be about more than just a floating helicopter port. It read like the description of a giant offshore platform for the prepositioning of a great store of materiel for interventionist war. This would be a massive supplement to the 47 thousand troops and numerous bases presently in Japan, which the Pentagon insists must be maintained. While the focus on its use as a helicopter landing area tended to diminish its purpose, this does not seem to have made the project any more palatable

to the sensitive Japanese public. It was met with strong opposition, especially in Okinawan areas near the suggested location.

U.S. troops are not welcome elsewhere in Japan. In the *New York Times* of October 29 a report from Tokyo quotes a recent poll which found that "most people felt great sympathy for the Okinawans but that 84 percent opposed a transfer of bases to their own areas." The report in the *Times* is headlined, "Stain on American Troops Spreads Across Japan," and the body of the story leaves no doubt that the stain referred to is the Okinawa rape.

In the last days of October there was a Japanese election in which Mr. Hashimoto's Liberal Democrats won a rather shaky victory. U.S. Ambassador Mondale was quoted as saying, hopefully, that there had not been much comment about the bases in the election. But some of the election results may have made such comment. The Socialist Party (or Social Democratic Party as it now calls itself) lost half its representatives in the Japanese parliament, going down from 30 to 15. The Communist Party gained 11 seats, going up from 15 to 26. The Socialist Party which long opposed the U.S. bases now supports them. The Communist Party which also long opposed the bases, still does so.

A Tokyo meeting to put in final form the arrangements for the U.S. bases in Okinawa and Japan had been scheduled for late November. It took place as the December 2 meeting of Secretary of Defense Perry and Defense Minister Kyuma. With the exception of the new proposal for the giant floating base offshore of Okinawa, the December meeting reaffirmed the terms of the Clinton-Hashimoto April accord. At the moment one may wonder which will find more public sympathy in a Japan of the future, the military agreements of Clinton and Hashimoto or the words of the Japanese women in their April appeal to the people of the United States: "Life is a Treasure...Let Us Set the World Free of Foreign Military Bases, Military Alliances, and Nuclear Weapons, and Hand Our Children a Peaceful Green Earth!"¹⁷

III. Post-Cold War Misgivings Voiced by U.S. Elite.

Today, many in the Philippines and Japan oppose the role of the United States as a military superpower, especially as it affects their countries. In the past fifty years the people of the United States have themselves, on occasion, been effective in challenging U.S. superpower policy, as in the opposition to the Vietnam war, and their support for the nuclear freeze campaign. And they, most likely, in their democratic majority, will ultimately decide whether the U. S. is to continue as a military superpower. Presently, however, while most in the U.S. are relatively quiescent about this matter, members of the elite minority are raising questions.

Two distinguishing characteristics of the United States as the world's remaining military superpower are a massive arsenal of nuclear weapons, and the capability of global military intervention, by means of forward deployment: foreign bases, access and ACSA agreements, prepositioning of war materiel, rapid airlift and sea transport, etc. Brought to a peak during the Cold War, it is these two characteristics that are now the object of some elite misgivings.

General Lee Butler, as head of the U.S. Strategic Command, was busy in 1992 changing the character of U.S nuclear weaponry in connection with its changing targets: from the Soviet Union to countries of the Third World. Under his supervision were the construction of mini-nukes and a new computerized nuclear targeting system, both projects specially designed for post-Cold War use in the Third World.

At the 133rd Annual Meeting of the National Academy of Science held in April 1996, however, General Butler, now retired, called for the elimination of nuclear weapons, saying this was possible and necessary after the collapse of the Soviet Union. The General said the U.S. national effort in the post-Cold War period to get rid of nuclear weapons should equal the Cold War effort to build them.

The Heritage Foundation was President Reagan's favorite think tank; in those days of the "Evil Empire" it firmly endorsed superpower arms budgets. Now comes Baker Spring, defense analyst for the Foundation, who, in the pages

of the *Far Eastern Economic Review* for May 2, 1996, says, "...the time is fast approaching when Washington will have to decide whether it can afford to maintain a global military presence." To do so the U.S. government would "have to spend a lot more—say, an additional \$130 billion over the next six years—or it would have to settle for hemispheric status." (To police *only* the Western Hemisphere! What a chilling prospect for U.S. arms contractors and military careerists!).

Since the policy of forward deployment tends to involve the United States in repeated wars of intervention in the Third World and absorbs some 70 to 80 percent of the U.S. annual military budget, the future international role of their country is of decisive concern to the U.S. people. To change Washington's stance from that of global (or hemispheric) policeman to a less expensive, non-nuclear, and more peaceful international posture could require a major popular effort. But the history of our country's not-too-distant past gives evidence that the people of the United States do not hesitate to oppose the superpower establishment, once they see the need.

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1. Ramos, President Fidel, and Clinton. President William, Official Transcript of Manila Press Conference, 13 November 1994.
2. *Philippine Daily Inquirer*, 22 April 1996.
3. *Manila Times*, 30 April 1996.
4. *Philippine Daily Inquirer*, 26 April 1996.
5. Nuclear Free Philippines Coalition, Press Release, 3 May 1996.
6. Report of meeting with Dennis Lepatan, Executive Director, Office of American Affairs, 6 May 1996.
7. *Philippine Daily Inquirer*, 19 June 1996.
8. Ibid.
9. *Manila Chronicle*, 4 October 1996.
10. Rick Mercier, "The Peace Movement in Okinawa," *Z Magazine*, February 1996.
11. Joseph Gerson, "Voices of Okinawan Women," *Peacework*, September 1996.
12. Dana Priest, "Conduct Unbecoming," *Playboy*, July 1996.
13. *Japan Press Weekly*, 10 February 1996, 6 April, 13 April 1996.
14. *Japan Press Weekly*, 8 June 1996.
15. *New York Times*, 9 September 1996.
16. *Wall Street Journal*, 24 September 1996.
17. *New York Times*, 12 April 1996.

BOOKS

Making Democracy Safe for the Rich

by Roderick Hill

Alex Carey, *Taking the Risk out of Democracy. Propaganda in the U.S. and Australia*, edited by Andrew Lohrey (Sydney: University of New South Wales Press, 1995; and Urbana and Chicago: University of Illinois Press, 1997), 212 pp.

The concept of “Americanism” (hence anti-Americanism and un-American) is one of the curious features of American culture. Its origins lie in the extensive propaganda campaigns carried out by American business during the twentieth century.

Business in the United States has been a leader in the development of propaganda to manage public opinion in its interests, and unfortunately its techniques are being emulated elsewhere with considerable effect. The development of this model of a propaganda-managed democracy, a “75-year-long multi-billion dollar project in social engineering on a national scale” and its export abroad is the theme of the late Alex Carey’s *Taking the Risk out of Democracy. Propaganda in the U.S. and Australia*.

The book, published seven years after Carey’s death, is a collection of eleven essays, four of them previously unpublished. (Those previously published appeared in places not easily accessible to North Americans.) The first five essays, comprising almost half the book, describe and trace the emergence of the American model of using propaganda “to control and deflect the purposes

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of the domestic electorate in a democratic country in the interests of privileged segments of that society.”

In democratic countries political power, and indeed economic power, is vulnerable to public opinion. This may be put more concretely. From time to time in Western societies the belief that capitalist industry is exploitative gains wide popular acceptance. Specifically, business and industry are seen to be governed by considerations of power and profit, to the neglect of important social and human concerns. When this belief prevails the popular base exists for higher corporate taxes and many other legislative interventions undesired by business leaders. Such a state of public opinion is understandably regarded as highly threatening by the leaders of our “free-enterprise system.” At such a point, in the United States at least, the stakes are regarded as being so high that virtually unlimited funds become available to meet the perceived threat from the general public. That is where many kinds of social scientists come in: poll-takers, experts in group dynamics, in attitude-change, in advertising, in “selling” ideas—experts, that is, in democratic propaganda. (p.144)

Carey defines propaganda as “communications where the form and content is selected with the single-minded purpose of bringing some target audience to adopt attitudes and beliefs chosen in advance by the sponsors of the communication.” It consists of commercial advertising, which Carey is not concerned with, and “public relations.” The public relations efforts of business have been directed both internally, to their own workers, and externally. External propaganda can be either what Carey terms “grassroots” propaganda, aimed at the general public, or “treetops” propaganda, directed towards “opinion makers,” policy makers, civil servants, university students, and academics.

Carey links the attitudes of the propagandists to the “pragmatic” interpretation of “truth” as put forward by American philosopher William James, who asserted that truths “have only this quality in common, that they *pay*.”¹ In this much-criticized view, if the consequences of holding a particular belief are better than not holding it, the belief “works” and is “true.”

This is a convenient view for those seeking to reshape opinion. If false beliefs about the desirability of the “free enterprise system” have socially useful consequences (“socially useful” being judged by the propagandists and their employers), then producing false beliefs through “education” and “information” is justified. What the public is told becomes “true” if it succeeds in changing their views in the desired way. Carey makes the insightful observation that “the ordinary propagandist may know that he is telling

lies, but the pragmatist-propagandist, having redefined truth to make it indistinguishable from propaganda, is likely to become inescapably trapped in the supposedly 'useful' deceptions and illusions."

Business propaganda campaigns have been particularly intense during three periods. The first was the "Americanization" campaign of 1912-1920, culminating in the Red Scare. The second, from 1945-1950, sought to roll back the effects of the New Deal and the increase in unionism. The third began around 1975, and seeks to reverse unfavorable changes in public opinion that took place in the decade after 1964.

Broadly speaking, gains by progressive forces have induced the mobilization of powerful reactionary counter forces that seek to roll back those gains. Each of these campaigns also followed a major war. As Carey comments,

Major wars always create major problems for defenders of the established order. For modern wars require the support of everyone; and so wartime propaganda idealizes the humane, egalitarian, democratic character of the home society in a way that no elite or business interest has any intention of allowing actually to come about. In consequence, at the end of major wars there is a public temper that expects reforms in the direction of the ... ideals for which people have been told they suffered.... In every case, a massive campaign of business propaganda went into action directed at arousing fear of a communist threat and in the process discrediting liberal and democratic critics of business and corporate interests. (p.137)

A central chapter traces the "Americanization" campaign, begun in 1912. This was sparked by the large scale of immigration to the United States in the thirty years before World War I and by the eventual success of labor organizers, notably the Industrial Workers of the World (IWW), among foreign-born workers. At the same time, the growth of democratic institutions (notably unions and an extended popular franchise) along with the declining reputation of business combined to threaten business power.

Carey traces in detail the evolution of the business organizations involved in producing propaganda in this period and their successful attempt to merge their campaign with government war propaganda. He explains that business's purpose in organizing the "Americanization" campaign was to lessen their susceptibility to the blandishments of "mischievous radicals" such as IWW organizers. There is, unfortunately, very little detail provided about just what people were told to try to "Americanize" them. It is implied

that the campaign included indoctrination in individualist values ("the traditional American ideals") and promotion of respect for existing institutions.

The depression, the election and re-elections of Roosevelt, and the growth of union membership through the Second World War inspired the second great propaganda campaign. In Carey's view, this period and the Red Scare following the First World War were crucial events in explaining the different political directions taken by American and European societies.²

The democratic upsurge of the 1960s through to the end of the Vietnam war led to a renewed campaign with a combination of grassroots and (especially) treetops propaganda that continues to the present. Carey argues that the elections of Reagan and Thatcher were, at least in part, by-products of this.

In Carey's view, these propaganda campaigns by business have successfully brought about a "closing of the American mind to critical thought." Studying this propaganda and its effects on American society, to bring to light the efforts by business to manipulate attitudes and beliefs, "would subvert those pragmatic processes for manufacturing consent and would lead to the development of a more critical cultural consciousness." He laments the "almost unbelievable neglect by liberal scholars and researchers" to do this. Instead, "American scholars and researchers by the thousand have wittingly and unwittingly assisted in every imaginable way to make the monitoring and management of public opinion more effective." Carey asserts that "the objective of most applied social science connected with industry is to help take the risk out of political democracy" for business owners.

Public relations, Carey argues, became a central element in industrial relations after the First World War. Unions were to be undermined directly by influencing workers and indirectly by influencing the general public's support for them. This latter effect was particularly important, because with formal democratic institutions there was a danger that legislators, although perhaps naturally sympathetic to business interests, might be compelled by public pressure to extend unions' legal protections.

After the Second World War, massive "economic education" campaigns, which Carey chronicles, encouraged the public and workers to equate business interests with the general interest.

Economic freedom, narrowly defined, was to be seen as closely linked to the preservation of political freedoms.

Within industry, the "human relations" and subsequent movements sought to undermine the appeal of unions by the use of the appropriate new images. This left the authoritarian structure of power within industry intact while dressing it up with terms like "democratic participation." Ideologically-motivated research claimed that these methods increased productivity, while also stressing the unimportance for workers of material reward, a convenient doctrine for those seeking to hold down wages.

Three essays, grouped under the heading "Propaganda in the social sciences," examine the role of industrial psychology and sociology. (This was Carey's area of particular professional interest as a lecturer in psychology and industrial relations at the University of New South Wales.) While one of these essays might only be of interest to specialists in the area, perhaps a more general lesson is that the "results" of studies in the social sciences can be accepted for a surprisingly long time even in the absence of real evidence for their conclusions, provided that those conclusions are useful. Carey's thorough demolition of the results of the famous Hawthorne studies provides a nice example in this regard.³

The success of the American model has led to its emulation elsewhere. In three essays, Carey examines the aspects of it that have been exported to Australia in the last twenty-five years, notably Enterprise Australia (engaged in "propaganda warfare for capitalism" as one supporter put it), and the Australian Business Council, and the proliferation of "think tanks" producing "treetops propaganda" selling the business message. The description and analysis will have a familiar ring to Canadians, who have witnessed during the same period the founding of such lobbying groups as the Business Council on National Issues and a number of business-sponsored "think tanks" that have played their part in bringing neo-conservatism to Canada.

Carey attributed the relative success business propaganda in the United States to the "features of American society which predispose its members to adopt—or accept—a dualistic, Manichean world-view," notably the high degree of religious belief in the United States compared with other industrial countries. He remained (as of the mid-1980s, when the last of these pieces was written) somewhat optimistic that the different nature of Austra-

lian society might “offer considerable resistance both to the inculcation of neo-conservative values and to the successful transplantation of the massive American system of control by corporate propaganda.”

An understanding of the history and practice of business propaganda is important in developing the kind of critical consciousness that Carey sought to awaken. Hopefully the publication of these illuminating essays in the United States will make a contribution to that end.

NOTES

1. Carey's discussion (pp. 77-78) suggests that William James and John Dewey had similar views here, but he may have been misled by Bertrand Russell's apparently mistaken criticism of Dewey, who had himself criticized James on this point. See Gertrude Ezorsky, "Pragmatic theory of truth," in Paul Edwards, ed., *The Encyclopedia of Philosophy*, Vol. 6 (New York: The Macmillan Company and The Free Press, 1967), p. 429, from which the quote from James is taken.
2. An important recent study of the Second World War period is Elizabeth A. Fones-Wolf, *Selling Free Enterprise. The Business Assault on Labor and Liberalism, 1945-1960* (Urbana and Chicago: University of Illinois Press, 1994).
3. It is still possible to find citations of the "results" of the Hawthorne studies in textbooks. For example, William P. Anthony, Pamela L. Perrewe, and K. Michele Kacmar, *Strategic Human Resource Management* (Fort Worth: Harcourt, Brace Jovanovich, 1993), p. 248.

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(Continued from inside front cover)

During the early years of the new economics prize, winners were generally economists with established international reputations, but did not include any of the prominent Keynesians who pretty much ruled the economics roost in the prosperous years of the 1950s and 1960s. Since then it has become impossible to characterize winners as a group. Some, specializing in managerial theory or accounting or the legal application of economic doctrines, would hardly qualify as economists at all by traditional standards. Others were ideological right-wingers whose main claim to fame was their staunch adherence to the ideas of Hayek and Friedman (both early winners of the new Nobels), while still others generally mixed elements of the above in various proportions.

So much by way of background to the 1996 prize, awarded to William S. Vickrey, emeritus professor at Columbia University, and James A. Mirrlees, professor at Cambridge University. We are not familiar with the work of the latter and so will confine our remarks to that of Bill Vickrey, an exact contemporary of ours who had broad interests but is probably best known as a specialist in public finance in which he taught courses at Columbia for many years.

The odd thing about Vickrey's receiving a Nobel prize is that he not only does not fit any of the descriptions listed above but could be fairly characterized as being way over toward the opposite side of the spectrum of contemporary economic thought. Not that he got the prize for that. No way. In fact the announcement of the award contained not a word about Vickrey's ideological orientation, and based the prize on a couple of clever ideas that are as ideologically neutral as they could possibly be. One has to do with how to negotiate a deal with someone who is better informed than you are, and the other with how to conduct an auction that yields an outcome socially preferable to that of the usual highest-bidder format. In this connection, the *Wall Street Journal* (October 9) reported: "Prof. Vickrey himself modestly describes his auctions as not 'having an awful lot of application in terms of human welfare.' He prefers to discuss his current work on unemployment, the budget deficit or novel ideas for reducing traffic in New York City."

While these larger ideas—and there were certainly many more of them—evidently did not interest the Nobel committee, the *New York Times* story (October 9) made it clear that Vickrey himself intended to make the most of his new prominence to publicize his ideas as widely as possible.

As do most freshly endowed Nobel winners, Mr. Vickrey spent his first day fielding endless questions and good wishes. But in contrast to many, he was not dazed by his sudden fame and fortune. "I don't need the money," he said, "but I sure need the platform."

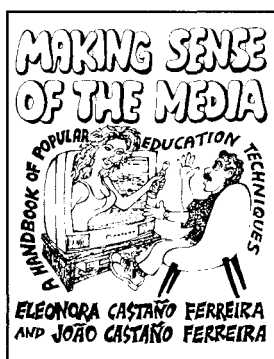
Bill Vickrey died of a heart attack three days after receiving the prize. He was on his way to Boston to address a conference which would have offered him a ready-made audience for his message. As far as we know, no record survives of what he would have said. But there can be

(Continued on page 18)

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